

## Final Official Statement Dated April 11, 2017

**NEW MONEY: Book-Entry-Only**

**RATINGS: S&P Global Ratings: "AA+" / "SP-1+"**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and Notes is not included in gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code, and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds and Notes may be includable in the calculation of certain taxes under the Code, including adjusted current earnings for purposes of calculating the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and Notes is excluded from taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B – "Form of Opinions of Bond Counsel and Tax Exemption" herein.



### Town of New Milford, Connecticut \$13,940,000 General Obligation Bonds, Issue of 2017

**Dated: Date of Delivery**

**Due: Serially April 15, 2018-2037  
as detailed below:**

Interest on the Bonds will be payable October 15, 2017 and semiannually thereafter on April 15 and October 15 in each year until maturity. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of and interest payments on the Bonds will be made by the Town of New Milford, Connecticut (the "Town") to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

The Bonds are subject to redemption prior to maturity as more fully described under "Redemption Provisions" herein.

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2018	\$ 1,060,000	3.000%	0.830%	647480RF1	2028*	\$ 485,000	3.000%	2.500%	647480RR5
2019	1,060,000	4.000%	0.980%	647480RG9	2029*	485,000	3.000%	2.600%	647480RS3
2020	1,060,000	5.000%	1.100%	647480RH7	2030*	485,000	3.000%	2.800%	647480RT1
2021	1,060,000	5.000%	1.250%	647480RJ3	2031	485,000	3.000%	3.000%	647480RU8
2022	1,060,000	5.000%	1.440%	647480RK0	2032	485,000	3.000%	3.050%	647480RV6
2023	1,060,000	5.000%	1.600%	647480RL8	2033	270,000	3.000%	3.080%	647480RW4
2024	1,060,000	5.000%	1.760%	647480RM6	2034	270,000	3.000%	3.100%	647480RX2
2025*	1,060,000	3.000%	2.000%	647480RN4	2035	125,000	3.125%	3.200%	647480RY0
2026*	1,060,000	3.000%	2.180%	647480RP9	2036	125,000	3.125%	3.250%	647480RZ7
2027*	1,060,000	3.000%	2.300%	647480RQ7	2037	125,000	3.250%	3.300%	647480SA1

\* Priced assuming redemption on April 15, 2024; however, any such redemption is at the option of the Town.



**\$630,000**

### General Obligation Bond Anticipation Notes

**Dated: April 24, 2017**  
**Rate: 1.70%**  
**Yield: 1.10%**

**Due: July 24, 2017**  
**CUSIP: 647480SB9**  
**Underwriter: Eastern Bank**

The Notes will be issued in book-entry-only form and will be registered in the name of Cede & Co., as noteowner and nominee for DTC, New York, New York. (See "Book-Entry-Only Transfer System" herein.) The Notes are not subject to redemption prior to maturity.

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

The Registrar, Transfer Agent, Certifying Agent and Paying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut 06103.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinion of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC on or about April 24, 2017.

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

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

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## **Bond Issue Summary**

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

<b>Date of Sale:</b>	Tuesday, April 11, 2017 at 12:00 Noon (E.D.T.).
<b>Location of Sale:</b>	New Milford Town Hall, Office of the Director of Finance, 10 Main Street, New Milford, Connecticut 06776.
<b>Issuer:</b>	Town of New Milford, Connecticut (the "Town").
<b>Issue:</b>	\$13,940,000 General Obligation Bonds, Issue of 2017 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	October 15, 2017 and semiannually thereafter on April 15 and October 15, in each year until maturity.
<b>Principal Due:</b>	Principal due serially April 15, 2018 through April 15, 2037.
<b>Purpose:</b>	The Bond proceeds will be used to fund various general purpose capital projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity.
<b>Security:</b>	The Bonds will be general obligations of the Town of New Milford, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds are rated "AA+" by S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 283-1110.
<b>Legal Opinion:</b>	Joseph Fasi LLC, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about April 24, 2017. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. W. Lee Palmer, Director of Finance, New Milford Town Hall, 10 Main Street, New Milford, Connecticut 06776. Telephone (860) 355-6066.

## **Note Issue Summary**

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

<b>Date of Sale:</b>	Tuesday, April 11, 2017 at 11:30 A.M. (E.D.T.).
<b>Location of Sale:</b>	New Milford Town Hall, Office of the Director of Finance, 10 Main Street, New Milford, Connecticut 06776.
<b>Issuer:</b>	Town of New Milford, Connecticut (the "Town").
<b>Issue:</b>	\$630,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	At maturity: July 24, 2017.
<b>Purpose:</b>	The Note proceeds will be used to finance road improvements.
<b>Redemption:</b>	The Notes are not subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of New Milford, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes are rated "SP-1+" by S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Notes <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 283-1110.
<b>Legal Opinion:</b>	Joseph Fasi LLC, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about April 24, 2017. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. W. Lee Palmer, Director of Finance, New Milford Town Hall, 10 Main Street, New Milford, Connecticut 06776. Telephone (860) 355-6066.

## ***I. Bond & Note Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of New Milford, Connecticut (the "Town"), in connection with the original issuance and sale of \$13,940,000 General Obligation Bonds, Issue of 2017 (the "Bonds") and \$630,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or the Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

The Bonds and Notes are being offered for sale through public bidding. A Notice of Sale dated April 3, 2017 has been furnished to prospective bidders and is included herein as Appendix D for the Bonds and for the Notes. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

U.S. Bank National Association, will certify and act as Registrar, Transfer Agent, Certifying Agent and Paying Agent for the Bonds and for the Notes.

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

The independent auditors for the Town are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A – Financial Statements excerpted from the Town's 2016 Annual Financial Report), and they make no representation that they have independently verified the same. The Auditors have not been engaged nor performed audit procedures regarding the past audit period nor reviewed the Official Statement. The Auditors have not provided their written consent to use their Independent Auditors Report.

Bond Counsel is not passing on and does not assume any responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement, other than matters expressly set forth as its opinion, and makes no representation that they have independently verified the same.

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data with respect to the Bonds and the Notes and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed in substantially the form of Appendix C to this Official Statement.

### ***Municipal Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## ***The Bonds***

### ***Description of the Bonds***

The Bonds will be dated April 24, 2017 and will bear interest at the rates per annum specified on the front cover page, payable semiannually on April 15 and October 15 in each year until maturity, commencing October 15, 2017. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of March and September in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank National Association. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof.

The legal opinion for the Bonds will be rendered by Joseph Fasi LLC in substantially the form set forth in Appendix B-1 to this Official Statement.

### ***Redemption Provisions***

The Bonds maturing on or before April 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on April 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after April 15, 2024, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
April 15, 2024 and thereafter .....	100%

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

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

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

## ***The Notes***

### ***Description of the Notes***

The Notes will be dated April 24, 2017 and will be due and payable as to both principal and interest at maturity, July 24, 2017. The Notes are not subject to redemption prior to maturity and will bear interest, calculated on the basis of a 360-day year consisting of twelve 30-day months, at the rate or rates per annum specified by the successful bidder or bidders. A book-entry system will be employed, evidencing ownership of Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership affected on the records of DTC, and its

participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry-Only Transfer System" herein.) The Registrar, Transfer Agent, Certifying Agent and Paying Agent will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.

The legal opinion for the Notes will be rendered by Joseph Fasi LLC in substantially the form set forth in Appendix B-2 to this Official Statement.

### **Authorization and Purpose**

**\$2,535,000 Roads III:** Notes are being issued for improvements to various Town roads pursuant to an appropriation of \$2,535,000 and borrowing authorization of \$2,535,000 as approved at a Special Town Meeting held June 11, 2012.

**\$530,000 Emergency Dispatch Upgrade:** Bonds are being issued for police, EMS and Public Works communications pursuant to an appropriation of \$530,000 and borrowing authorization of \$530,000 as approved at a Special Town Meeting held June 27, 2011.

**\$2,250,000 Route 7 Pump Stations:** Bonds are being issued for pump station improvements pursuant to an appropriation of \$3,050,000 and borrowing authorization of \$2,250,000 as approved at a Special Town Meeting held June 11, 2012.

**\$2,260,000 Bridge, Dam and Fueling Station Improvements:** Bonds are being issued for bridge, dam and fueling station improvements pursuant to an appropriation of \$2,260,000 and borrowing authorization of \$2,260,000 as approved at a Special Town Meeting held June 11, 2012 and June 8, 2015 (language change only to reallocate amounts to roads from dam and refueling station).

**\$3,630,000 Communications Improvements:** Bonds are being issued for emergency communications improvements pursuant to an appropriation of \$3,630,000 and borrowing authorization of \$3,630,000 as approved at a Special Town Meeting held June 11, 2012.

**\$4,000,000 Synthetic Turf Field at High School:** Bonds are being issued for synthetic turf field at the high school pursuant to an appropriation of \$4,000,000 and borrowing authorization of \$4,000,000 as approved at a Special Town Meeting held October 26, 2015.

**\$2,550,000 Schaghticoke School Roof:** Bonds are being issued for improvements to the Schaghticoke school roof pursuant to an appropriation of \$2,550,000 and borrowing authorization of \$2,550,000 as approved at a Special Town Meeting held October 13, 2015.

### **Use of Proceeds**

Subject to the Issuer's election to reallocate proceeds among its bond authorized projects to meet its capital cash flow needs, the proceeds of the Bonds and Notes are expected to finance the following projects.

<i>Project</i>	<i>Amount Authorized</i>	<i>Notes Due: 4/24/2017</i>	<i>New Money/ (Paydowns)</i>	<i>This Issue</i>	
				<i>The Bonds</i>	<i>The Notes: Due: 7/24/2017</i>
Roads III .....	\$ 2,535,000	\$ 630,000	\$ -	\$ -	\$ 630,000
Emergency Dispatch Upgrade .....	530,000	440,000	-	440,000	-
Rt. 7 Pump Stations .....	2,250,000	2,100,000	-	2,100,000	-
Bridges & Roads .....	2,260,000	2,034,000	-	2,034,000	-
Communication Improvements .....	3,630,000	3,266,000	-	3,266,000	-
Synthetic Turf Field at High School .....	4,000,000	3,550,000	-	3,550,000	-
Schaghticoke School Roof .....	2,550,000	2,550,000	-	2,550,000	-
<b>Total .....</b>	<b>\$ 17,755,000</b>	<b>\$ 14,570,000</b>	<b>\$ -</b>	<b>\$ 13,940,000</b>	<b>\$ 630,000</b>

## ***Book-Entry-Only Transfer System***

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

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

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

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

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

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

### ***DTC Practices***

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

### ***Replacement Bonds and Notes***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or Notes, and the Town fails to identify another qualified securities depository for the Bonds or the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds or the Notes, the Town is authorized to issue fully registered Bond or Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds or Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds or Notes.

### ***Security and Remedies***

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

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

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

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Bonds and Notes from funds lawfully available

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

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

### ***Qualification for Financial Institutions***

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

### ***Availability of Continuing Information***

The Town of New Milford prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management, on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into Continuing Disclosure Agreements (the “Continuing Disclosure Agreements”) with respect to the Bonds and Notes. See Appendices C-1 and C-2 to this Official Statement. The winning bidders’ obligation to purchase the Bonds and Notes shall be conditioned upon their receiving, at or prior to the delivery of the Bonds and Notes, an executed copy of the respective Continuing Disclosure Agreement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date, the Town has not failed to materially comply with its undertakings under such agreements.

### ***Ratings***

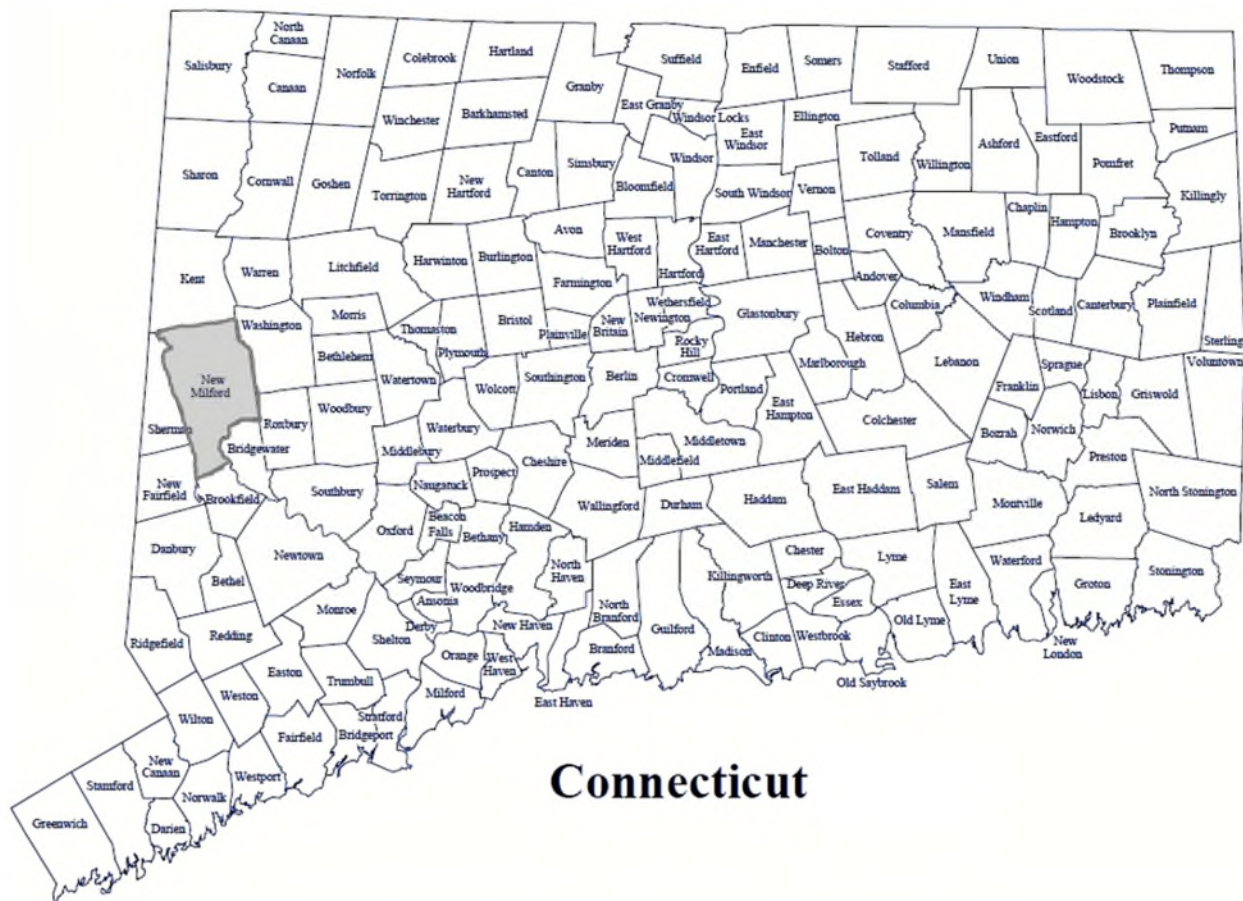
The Town received a rating of “AA+” and “SP-1+” from S&P Global Ratings (“S&P”) on the Bonds and the Notes, respectively. The Town furnished S&P with certain information and materials, some of which may not have been included in this Official Statement.

The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Bonds and Notes.

### ***Insurance***

The Town does not expect to direct purchase any credit enhancement facility.

## II. The Issuer



### **Description of the Municipality**

The Town of New Milford is located in the southwestern section of Litchfield County, approximately ten miles north of Danbury. A network of highways including Interstates 84 and 684, U.S. Route 7 and Connecticut Routes 25, 202 and 67 make major urban centers, including New York City, Boston, Stamford, Hartford and New Haven accessible.

New Milford was first settled in 1707 and was incorporated as a town in 1712. At 64.4 square miles, it is Connecticut's largest municipality. Agriculture was once the mainstay of New Milford's economy, but has since declined in importance relative to industry, commerce and tourism. Completion of the Housatonic Bridge in 1837 and the introduction of rail service in 1840 helped New Milford integrate industry and technology into a diverse, dynamic commercial base. The more recent expansion of U.S. Route 7 has contributed to the growth of the local population and the retail/service sectors that serves them. It has also made New Milford more readily accessible to the nearby centers of commerce, and thereby more desirable as an office/industrial location.

In addition to providing a home to almost 30,000 full-time residents, New Milford contains a significant number of weekend and seasonal homes. Candlewood Lake, Lake Lillinonah and the Housatonic River provide freshwater recreational activities, causing New Milford's population to increase significantly during the summer months.

New Milford has long been the retail market center for its smaller neighboring communities, such as Washington, Kent, Bridgewater and New Preston. The steady population growth in the region, fostered by the expansion improvements to U.S. Route 7, has encouraged a high rate of retail development. The completion of the Route 7 highway expansion in 2009 had a positive impact on that development surge. The area of Route 7 currently designated by the Economic Development Commission as the regional retail corridor has been home to national brand retailers such as Wal-Mart, Home Depot, Staples and Stop & Shop. In 2012, Kohl's, Home Goods, and Big Lots all opened stores in the Town's newest retail center known as "Litchfield Crossing." "Litchfield Crossing" has nearly 300,000 square feet of retail and office space approved for development. Recent additions include nationally-known restaurants (Panera Bread), retail chains (Petco), as well as banks and medical offices. This project has added

significantly to the Town's grand list, and there is steady interest in new business development here. Further developments in the works along the Route 7 corridor include: Five Guys, Cumberland Farms and KFC. All along the Route 7 corridor are various parcels of land undergoing redevelopment. A business growth sector is medical, as evident by recent openings of an urgent care facility, and a physical therapy / sports medicine clinic.

More than ten years ago, the Town completed a downtown redevelopment study in an effort to preserve its Village Center, which is of commercial and historical significance. The study addressed infrastructure needs and key economic development issues with the overall intent to maintain and enhance the historic character of the Town's center. A majority of the study recommendations have already been completed, with others still ongoing. The Town has completed the installation of gaslight-style street lighting, sidewalks and burial of utilities on Railroad Street, Bank Street, Bennitt Street and the west side of Main Street adjoining the Town Green. Improvements to the old Railroad Plaza, as well as the installation of a pedestrian railroad crossing have all been accomplished. The Town's historic Railroad Station is now being re-imagined as a community center for the arts, including a vibrant gallery, to capitalize on the economic impact the arts can generate. Additional downtown streetscape improvements have been completed on Church Street and Whittlesey Avenue. In late spring 2012, the west side of Main Street was reconstructed to improve road quality. This project included the replacement of sidewalks on the green and the addition of raised pedestrian crosswalks. Recent sidewalk improvements along East Street, from the new intersection with Route 67/202 and Grove Street, north to the intersection with Elm Street, have increased the pedestrian friendly atmosphere of the downtown village. A recent assessment of the Connecticut Main Street Center praised the Town's follow-through on the 1997 study and observed, "The New Milford Downtown is an attractive, compact and walk-able village center that exudes an authentic character."

Private investment in the Village Center has followed the public investment of more than \$2 million in the Village Center, with the assistance of State and Federal grants. New owners in the downtown commercial district have revitalized existing buildings, including the art-deco Bank Street Theater, which has a total of four digital movie screens. The downtown village is an attractive destination for residents and tourists alike, providing an eclectic shopping, dining and entertainment experience in a small-town, New England setting. Several new restaurants have recently renovated or opened new and there are several key buildings in the Village Center that are undergoing interior and exterior renovations. One such building was the "Old Telephone Building" which was sold by the Town to a private group, allowing them to expand their high end import business. They restored this historic brick building, lending an additional positive impact to the tax rolls and visual improvement to the Village Center. Right in the heart of downtown is a new co-working space aimed at entrepreneurs to promote collaboration and networking, increase productivity and provide resources for small businesses.

Access to the Village Center has been improved by the Route 67/202, Grove Street realignment project, which was completed in August of 2010. As the traffic patterns have settled and shifted with the opening of this new intersection, a Traffic Study is currently underway to assess future needs and the impact of traffic in the downtown Village Center.

New Milford is home to two major private industry employers and a growing number of small to medium sized technology companies. New Milford Hospital is the largest employer, as part of the Western CT Health Network with over 700 employees, while Kimberly-Clark remains the Town's largest taxpayer.

New Milford Hospital is an 85-bed full-service hospital, which, along with its affiliated physicians and subsidiaries, provides health care to New Milford and its neighboring communities. It is truly a regional health care center which favorably impacts the overall economy of New Milford. The active medical staff includes more than 100 physicians and dentists, encompassing virtually every medical and surgical specialty. The hospital has become part of the Western Connecticut Health Network which includes Danbury Hospital, one of the largest and most comprehensive health care networks in the State of Connecticut. New Milford Hospital has an outpatient Regional Cancer Center that opened in 1999, further expanding the regional draw of this community hospital. This \$7.5 million facility provides radiation and chemotherapy, using state-of-the-art technology and drawing upon the professional resources of the Western Connecticut Health Network.

The Kimberly-Clark Corporation continues to be an industrial mainstay of New Milford. This global consumer products company, producing paper products such as Kleenex tissue, Scott paper towels and Huggies diapers, once employed over 1,000 people in the New Milford plant. Market repositioning by corporate leadership caused a reduction in the local workforce during the late 1990s and early 2000s, to a level just under 400 workers. Recent strategic events provide encouragement that Kimberly-Clark will remain in the community for many years, and expand its employment base once again. In cooperation with the State of Connecticut and the Town of New Milford, Kimberly-Clark embarked on an energy independence project in 2007, which came to fruition in 2008. Utilizing a grant from the State of Connecticut Department of Public Utility Control, Kimberly-Clark constructed a

\$50 million combined heat and power facility that will generate electricity on-site, utilize the excess heat from power generation in the manufacturing process and distribute excess electricity back to the regional power grid. This project allows the company to stabilize its energy costs, affording it the opportunity to remain competitive in the regional marketplace. This is providing additional high-wage jobs for the community, as well as providing a significant expansion to the tax base.

As stated above, land availability, location and improved accessibility are factors in New Milford's considerable growth and the diversification of its economic base. In addition to the major employers mentioned, there are hundreds of small and medium sized businesses that are thriving and growing in New Milford. Neeltran, a global manufacturer of power supplies and transformers with sales in more than thirty-five countries worldwide has expanded several times over the past decades and is poised for an additional expansion which will enable them to retain their approximately 125 employees and hire additional ones. Another medium-sized company that has succeeded in New Milford is Chemical Marketing Concepts, a global leader for outsourced sample fulfillment and logistics services. Chemical Marketing Concepts has also undergone multiple expansions. MedInstill Technologies' highly trained team of scientists and R&D personnel, numbering approximately 50, has developed over 600 patents, and seeking FDA approval for a technology with the potential to change how we fight infectious diseases and administer medication, with global implications.

The Town of New Milford Economic Development Commission completed an independent study of the commercial and industrial areas of the Town, to devise a comprehensive strategic economic development plan. The Route 7 corridor has been identified for growth in two separate areas. South of Lanesville Road to the Brookfield border is being targeted as an office/industrial sector. The recently completed median-divided highway in this area makes it less desirable for retail development, but very attractive for corporate usage. There are numerous large parcels of land available here for corporate park development. North of Lanesville Road to the Veterans Bridge is to be promoted as the aforementioned regional retail corridor. There are a number of significant parcels of land which are undeveloped or underdeveloped, as yet, and present good additional growth potential. The pure industrial areas in the Pickett District Road area and the Housatonic Avenue/Boardman Road area are receiving the necessary infrastructure improvements to make them home to the larger industrial growth that is targeted.

In the Housatonic Avenue area is the former Century Brass Mill property. This 72-acre site has been in Brownfield remediation since the Town acquired it through tax foreclosure in 1999. The Economic Development Commission and the Economic Development Office have been managing the remediation, including expenditure of \$350,000 of EPA Brownfield grants; \$500,000 of Connecticut Economic Development grants; and over \$1.7 million in EPA Brownfield revolving loan funds. In the fall of 2016, the 320,000-square-foot building that stood on this site since the 1950s was taken down, as part of the remediation plan, effectively utilizing Federal and State grant funding. The project has progressed significantly enough that, with enhanced marketing efforts, the Town of New Milford is currently entertaining serious developers for the ultimate reuse of the property for industrial purposes. The recent \$2.2 million investment to reconstruct the northern portion of Housatonic Avenue has increased the access route and curb-appeal of this property.

Taking advantage of the natural resources that New Milford offers residents and visitors is an economic development focus. Private-public partnerships have been formed for just such efforts, such as the New Milford River Trail Association. Aimed at developing a walking and biking trail along the rivers that run through the Town, this project will yield tremendous economic benefits upon completion, such as increased tourism, boosting nearby businesses, increased property values, community events, quality of life and health care savings.

New Milford is energizing its economy through the development of clean energy projects, including a recently launched project to build the largest solar farm in the State of Connecticut – 70,000 solar panels on 80 acres of land, producing 20 MW of much needed clean power. This was achieved by winning a competitive New England RFP, one of only eleven projects selected across the Tri-State area, and leveraging economic development tools, such as tax abatements, to make a highly expensive project such as this possible.

Although no longer the core of the local economy, agriculture still remains an economic component in New Milford. There are a number of active working farms, cooperatives and boutique farm operations. The Town, along with private land trusts and foundations, has taken an active role in preserving the Town's farming heritage. One notable project is the Hunt Hill Farm, which was owned by the late Skitch and Ruth Henderson. Another significant preservation project was the purchase by the Town of 170+ acres at Sullivan Farm, where local youth are encouraged to participate in educational farming programs. Through a series of state and local grants, and a creative trust structure, this 132-acre farm with a retail store, gallery and cooking school was preserved as a part of the community heritage. The preservation of more than 92 acres of the Davenport Farm was successful in early 2010, with an additional 88 acres preserved on the neighboring Harris Hill Farm. This farmland preservation is in the same vicinity of the 170+

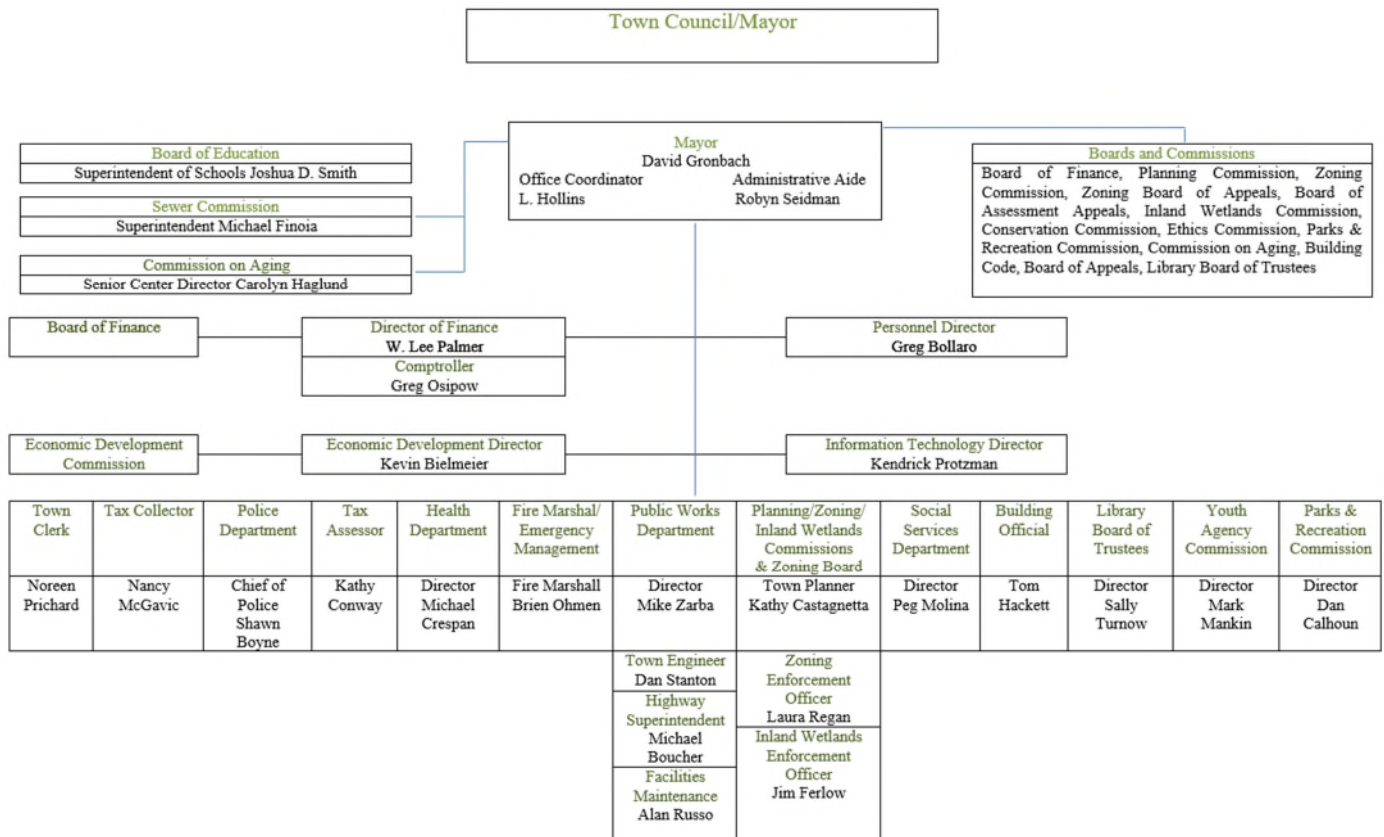
acres of property, featuring a 25+- acre pond that was formerly used as a potable reservoir, preserved by the Town in 2005.

Other initiatives, such as the New Milford Hospital-led Plow-to-Plate Coalition is seeking to help preserve working farms by encouraging the consumption of healthier, locally grown produce. The goal is to create jobs and improve market opportunities for local farmers and promote a healthy community.

## Form of Government

Pursuant to its Town Charter adopted November 4, 1986, and amended November 2006 effective December 7, 2006, New Milford operates under a Mayor/Town Council/Town Meeting form of government. The Mayor is the chief executive and administrative officer of the Town, elected biennially in odd-numbered years to a two-year term. The Mayor may cast the tie-breaking vote at Town Council meetings and is an ex-officio member of all Town boards and commissions. The Mayor is assisted in the exercise of fiscal responsibilities by a Director of Finance. The Director of Finance also oversees the tax collection, assessment and purchasing functions. The Town Council consists of nine members elected biennially to two-year terms. The Council is the legislative body of the Town in all instances, except those reserved for Town Meeting – specifically, budget approval, issuance of bonds/notes, supplemental appropriations, real estate purchases/leases, and establishment or abolishment of Town boards/commissions. The Board of Finance also exercises certain budgetary powers in conjunction with the Town Council. See “Budget and Bond Authorization Procedures.”

## Organizational Chart



## **Town Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Term Expiration</b>
Mayor.....	David R. Gronbach	Elected	11/30/17
Tax Collector.....	Nancy E. McGavic	Elected	11/30/19
Town Clerk.....	Noreen H. Prichard	Elected	11/30/19
Superintendent of Schools.....	Joshua D. Smith	Appointed	-
Assessor.....	Kathleen Conway	Appointed	-
Director of Finance.....	W. Lee Palmer	Appointed	-
Comptroller .....	Gregory Osipow	Appointed	-

*Source: Town of New Milford.*

## **Municipal Services**

**Police Protection** – The New Milford Police Department serves a community of approximately 28,000 residents. The community is diverse in structure to include a small “New England” town main street business district made up of local merchants and store fronts. It is supported by a larger business corridor of national chain stores and the larger local businesses and industry. The Police Department is commanded by a Chief of Police. The Office of the Chief of Police is supported by a Deputy Chief of Police. The Agency is organized under two theaters of operation, Field Operations and Administrative Services.

The Office of Field Services is overseen by two Lieutenants and it is responsible for all patrol activity. A Lieutenant assigned to Field Services also is responsible for oversight of the School Resource Officer program, Parking enforcement, and our Special Services Units to include, (2) K-9 Units, a Dive Team, Motor Vehicle Crash Investigation Team and Traffic Safety. The Investigative Services Bureau which is the investigative division of the agency and currently is under the Command of a Detective Lieutenant.

The Office of Administrative Services is under the Command of a Lieutenant and is responsible for all Communications, Fleet operations, Records, Training, Special Projects, Emergency Management and Facilities maintenance, Grants and Technology Management.

The Department also utilizes an Administrative Sergeant who reports directly to the Administrative Services Commander to coordinate all Community interaction initiatives ranging from Child Safety Seat programs to public presentations related to community awareness programs. Additionally he has proactive roles in our community partnerships with the Town of New Milford Youth Agency, Substance Abuse Prevention Counsel and our TRIAD.

The Police Department operates on an annual budget in excess of 5.3 million dollars. The agency has an authorized complement of 53 full-time sworn police officers, 9 Dispatch Personnel, 1 Dispatch Supervisor, 2 Record Clerks, 1 Executive Secretary, 1 Parking Enforcement Officer and 4 part-time Police Matrons.

The New Milford Police Department operates a centralized Communications Center which dispatches services for police, fire and ambulance calls in New Milford, acting as the E911 public safety answering point for the Town. In addition, the Communications Center oversees information networks such as ‘Reverse 911’ and ‘Everbridge’ systems in New Milford. The Communication Center is a brand new facility recently put into service in January of 2012 that was partially funded by a \$194,000 Homeland Security grant.

The Department has increased its commitment to the quality of life issues inherent to the Town of New Milford. An increased community interaction initiative that reaches beyond the traditional community policing philosophy is constantly reviewed and evaluated by the Chief of Police and Deputy Chief of Police to meet the ever changing demands placed upon law enforcement and ever improvement of service deliverability.

The Department has doubled its Youth Investigations unit and has assigned another Detective to the State of Connecticut Statewide Internet Crimes Against Children Control Task Force, an interagency cooperative effort to address the Cybercrime victimization of the Town’s children. The Department’s Investigative Services Bureau consists of two Detective Lieutenant and eight Detectives.

The Department has re-assigned a Detective to the Connecticut Department of Emergency Service and Public Protection, Statewide Narcotics Task Force. Through this partnership, the Department has been involved in a number of high-profile narcotic-related seizures and arrests resulting in over \$100,000.00 of drug asset forfeiture monies made available to the police department. The Department has also been able to augment various programs, properties and its vehicle fleet under both Federal and State asset forfeiture guidelines to improve delivery of services. This has had the effect of reducing the financial impact on local taxpayers. The Department had equipped all front line patrol vehicles with the latest version of the Panasonic Mobile Video Recording System that affords patrol officers to record patrol and investigative activities that afford an additional level of documentation to ensure a higher level of accuracy and depiction of events necessary for court room proceedings. In addition, it offers an opportunity to constantly evaluate officer performance to address any training or officer safety issues that may be identified.

The Police Department is involved in various service programs in cooperation with our schools at all levels specifically, School Resource Officer programs. Furthermore, the Police Department has increased training and equipment allocations in an effort to provide the highest level of protection to our student population by adding an additional (2) School Resource Officers assigned full time to the schools, coordinated safety plans with contracted security services in each school and improved tactics and training in responding to any threats within our academic facilities. In response to nationwide concerns over the proper installation of child-safety seats, the Department has trained four officers and one dispatcher as car safety seat installation technicians as well as one instructor. These individuals run child-safety seat clinics at various locations in New Milford and surrounding areas throughout the year. The Department also maintains highly trained specialized units such as the Dive Rescue and Crash Reconstruction Investigation teams.

**Fire Protection and Ambulance Service** – Fire protection is provided from four fire stations operated by three separate fire departments of volunteers, enlisting over 155 firefighters as well as one full-time Fire Marshal, a full-time Deputy Fire Marshal, and one part-time secretary. The Fire Marshal's office is responsible for the inspection of all buildings and facilities with the exception of 1 & 2 Family dwellings, as well as the investigation into the origin and cause of all fires and explosions. The Fire Marshal and the Deputy Fire Marshal participate in continuing education requirement of related education to stay up to date with current codes, regulations, and new technology by Connecticut State Statute. The Fire Marshal's Office provides public education to public and private fire prevention presentations and extinguisher trainings. The New Milford Community Ambulance Association operates three ambulances and a fly car with approximately 32 volunteers providing basic and advanced medical care continuous service to the residents of New Milford. A paid EMS crew made up of an EMT and paramedic staff an ambulance Monday thru Friday 6 am- 6 pm. An additional full-time paramedic is on duty 24 hours a day, seven days a week. The Paramedic Service is stationed at the New Milford Hospital; the cost of the service is shared with seven other towns. Ambulance personnel train constantly, and most are at least certified emergency medical technicians. Monthly and annual OSHA mandated training along with other specialized trainings take place in the fire and EMS organizations. Most New Milford firefighters participate in 125 hours of training each year for rope rescue, water rescue, vehicle extrication training, hazardous material handling, medical training, driver training, fire prevention, and most importantly, fire suppression and fire safety. Most volunteer firefighters are certified through the State of Connecticut. In addition, members of the department provide fire safety and prevention training within local schools. Water Witch Hose Company #2 has a Kids' Fire Safety trailer which is used to visit and provide training at each New Milford School; the trailer also visits other towns' school systems upon request. Members of the Fire Department perform an annual tour of New Milford's larger industries, such as Kimberly-Clark and New Milford Hospital, to familiarize themselves with the companies' facilities as a preplan exercise. Properties within 1,000 feet of a fire hydrant, within 5 road miles of a responding fire station and with a needed fire flow of 3,500 gallons per minute or less are an ISO Class 4 rating. Properties beyond 1,000 feet of a fire hydrant but within 5 road miles of a responding fire station are ISO Class 4Y rating.

The Local Emergency Planning Committee ("LEPC") consisting of approximately 21 volunteers prepares for emergencies such as hazardous material releases. The Emergency Management Director oversees planning, mitigation, response, and recovery efforts from natural and manmade disasters to the Town. The ("EMD") also is the liaison between the Town and State for additional agencies, commodities, or resources through the State Department of Emergency Management Homeland Security.

All of the volunteer firefighters, ambulance personnel and LEPC members partake in the Homeland Security bio-chemical training programs. The Town's fire apparatus is comprised of one 102' tower ladder truck, nine engines, five tankers, three rescues, four brush trucks, four utility vehicles, two boats, two UTV's, two fire marshal vehicles, and a HAZMAT decontamination trailer. The three fire departments can respond with a combined 22,175 gallons of water for the initial fire suppression attack before obtaining a water supply to reload.

**Sewage** – The New Milford Sewer Commission / Water Pollution Control Authority operates and maintains an upgraded Wastewater Treatment Facility at 123 West Street in New Milford. This facility removes over 99% of the pollutants that enter to meet the parameters of the NPES permit guidelines of the EPA/CT DEEP. The Facility is designed for 2 million gallons per day and treats over 265 million gallons per year. The plant removes Nitrogen and Phosphorus that are detrimental to the aquatic life of the Housatonic River through both Biological and Chemical treatment. The facility also takes in fats, oils and grease from local restaurants to help prevent line blockages in the collection system. The Crew maintains over 42 miles of sewer line along with 14 pumping stations that convey the sewage from different ends of Town to the facility. This year the facility will handle over 3,000 wet tons of sludge and will treat over 10 million gallons of septic.

**Public Works** –The Public Works Department is responsible for the maintenance, repair and plowing of more than 215 miles of Town-maintained roads, 60 bridges (37 over 20 feet), maintenance and replacement of over 100 pieces of rolling stock, the cleaning and repairing of storm sewers, cleaning and upkeep of all Town buildings, maintenance and upkeep of over 200 decorative streetlights, recycling and transfer station operations. Our services range from custodial duties to renovation projects including full carpentry, plumbing, and electrical trade services; from paving and drainage operations to snow plowing and ice control; from routine vehicle maintenance to welding and fabrication services; from plan review to full engineering design.

**Mission:** The Department of Public Works strives to provide top quality, professional, effective, and timely services to residents and business customers by focusing on relationships with the community and providing well planned, environmentally sensitive, cost-effective infrastructure and services to promote public health, personal safety, transportation, economic growth and civic vitality.

**Administrative:** The departments' administrative staff includes a director, administrative assistant to the director, a public works secretary, and a data entry clerk. The administrative staff provides all the support functions, including human resources, budgetary and financial accounting, customer service routing and tracking, grant writing, permit tracking, and other clerical duties as needed, to the various divisions comprising Public Works: Engineering, Highway & Vehicle Maintenance, Facilities Maintenance, and Recycling. This department has also maintained the website pages, including forms and up to date road information for all departments under Public Works.

**Engineering:** The Engineering Department consists of a Town Engineer, Project Manager, Road Construction Supervisor and Engineering/AutoCAD Technician. Engineering staff plan and provide construction design, oversight and administration for various Town construction projects, bridge renovation and replacement projects. They also conduct plan reviews for the various land use departments, and oversee driveway and subdivision road construction activities.

**Highway & Vehicle Maintenance:** The Highway Department is comprised of a superintendent, highway foreman and 31 highway maintenance personnel including a vehicle maintenance supervisor and four vehicle maintenance personnel. The Public Works Department owns 24 dump trucks, five small trucks, two front loaders, two graders, two backhoes, five pick-up trucks, a van, an excavator, a 10 and 5 ton roller, a catch-basin cleaner, three sweepers, and various other tractors and small equipment. In addition we maintain more than 15 vehicles and pieces of equipment for other Town departments and agencies.

**Recycling and Solid Waste:** The Town of New Milford opened the first Recycling Center in the area more than 25 years ago, and the center is now staffed with a Recycling Manager, Recycling Coordinator and Labor Grade 2 and recycling has expanded to include acceptance of all mandatory recyclables as well as bulky waste, household trash, metal, tires, waste oil and office paper. The E-Waste (*computers and televisions are only part of the consumer electronics waste stream which also includes VCRs, radios, cell phones, and small appliances and collectively, they are referred to as electronic waste, or "e-waste"*) and Single Stream (*collection system where recyclables are fully commingled, mixing fiber (papers) and containers (glass bottles, metal cans and plastic containers)*) have completely changed the way and types of recyclables accepted and since the Center now owns many of its containers the costs have decreased significantly.

The center continues to see an increase in usage, again probably due to the economy, but has managed to cover all operating expenses of the center for the fiscal year through usage fees. The ownership of containers and compactors has significantly reduced the costs of hauling municipal solid waste (MSW), bulky and single stream. The savings seen are a combination of lower fees and less haul fees because of more waste being generated for each removal. Single stream has been very successful and the Center added another container for this purpose. The tipping fees for Fiscal Year 2016-17 are \$86.23/ton for MSW, \$10.00/ton for single stream recyclables, and \$88.00/ton for bulky waste.

**Facility Maintenance:** With a staff of ten, the Building Maintenance Department is responsible for corrective and preventative maintenance to 27 Town Buildings including the Town Hall, Police Station, Library, Railroad Station, Teen Center, Richmond Senior Center, John Pettibone Community Center, and 7 Public Works Buildings and the maintenance to all downtown decorative street lights. This staff consists of a trade licensed manager, a senior technician, three skilled technicians, and five semi-skilled technicians.

**Solid Waste and Recycling** – New Milford is one of eleven participating communities of the Housatonic Resources Recovery Authority (“HRRRA”), which has legal authority to site and contract for long-term garbage disposal services. HRRRA ruled out construction of a waste-to-energy incineration facility in the region and signed a contract with the owner of such a facility located in Bridgeport, Connecticut operated by Wheelabrator Environmental Systems, Inc. New Milford residents contract with private haulers who transport their solid waste to a regional transfer station located in Danbury or residents of New Milford can use the local Recycling Center to dispose of MSW and Recyclables which is then transported to the regional transfer station in Danbury. Municipal solid waste is transported by private haulers to the mass-burn facility in Bridgeport. The fiscal 2016-17 tipping fee for solid waste generated in New Milford is \$86.23 per ton. New Milford also participates in HRRRA’s recycling program. Due to the Town’s increased use of recycling, its solid waste “put-or-pay” obligation to the plant has dropped to 11,817 tons per year. Through HRRRA, the Town and other participating communities have entered into long-term contracts for recycling with Winters Bros. Transfer Station of Danbury, Connecticut. The term of the recycling and solid waste disposal contract is 26 years and it will expire in 2019.

**Utilities** – Water is supplied by Aquarion Water Company of Connecticut and individual wells. Electric service is provided by Northeast Utilities; phone service by SBC; and natural gas to a portion of the Town by Yankee Gas through the Iroquois Pipeline, which passes through the Town of New Milford. Gas service has now been expanded to the east side of the Housatonic River.

**Parks and Recreation** – The New Milford Parks and Recreation Department is responsible for the care, management, maintenance, and control of 19 Town park facilities totaling over 460 acres. Included in these parks are 10 baseball/softball fields, two tennis courts, two basketball courts, four playground equipment areas, an extensive passive trails system, eight picnic areas, five soccer fields, a beach on Candlewood Lake, two boat ramps, 83 boat slips, two kayak ramps, a bath house, five pavilions, four freshwater ponds, and access to the Housatonic River at five parks.

The Parks and Recreation staff maintains the lawns, parking lots and sidewalks at the Town Hall, the Parks and Recreation Department building, New Milford Library, Paul S. Richmond Center, the lawns at the New Milford Police Station and the Railroad Street parking lot grounds, as well as the downtown traffic islands.

The Parks staff also maintains the sidewalks and handles garbage removal around the Village Green, Chamber of Commerce, Historical Society, Main, Bank, Church and Railroad Streets, the parking lots at the old Community Center building and the Maxx, and the sidewalks at the Public Works Department.

The Parks and Recreation Department schedules over 100 year-round programs for nearly 10,000 participants yearly. The Department has a staff of approximately 150, including a director, assistant director, two administrative assistants, five parks maintainers, three seasonal maintainers, one park ranger, 58 playground camp staff, 13 aquatic personnel and approximately 70 program instructors.

Recent accomplishments include a new access road/bike path through Sega Meadows Park, a new playground at the Pettibone School, a new pavilion and walking trail at Carlson’s Grove, renovated tennis and basketball courts at Young’s Field, a Bocce Court at the Paul S. Richmond Center and a renovated basketball court at Emmanuel Williamson Park. The Mayor’s Office also spearheaded an effort to have a new staircase installed at Young’s Field thanks to an anonymous donor. Future plans call for the expansion and refurbishment of existing facilities: expanded parking, beach frontage, playground area, kayak launch and fishing pier at Lynn Deming Park; renovations including updated lighting, reconfigured softball fields, camping sites and a fishing area at Sega Meadows Park; a kayak launch at Andrew Gaylord Barnes Park; and a Riverwalk along Young’s Field Road.

**Public Library** – The New Milford Public Library is a leader, promoting reading and basic literacy which contributes to the long-term success of the community. The library supports lifelong learning through the provision of quality materials, services and programs that meet the individual and community's diverse informational and recreational needs. In this technological age, the library strives to promote information literacy to all New Milford residents. Each person in the community is afforded the opportunity and ability to locate, evaluate and use information effectively. The library's collections comprise over 120,000 items including books, magazines, music, films, audio books, downloadable audio books and databases. High-speed network and Wi-Fi access are available to all patrons. Access to all online resources including the internet and email is free. Online databases and selected web resources are available to patrons both in library and through remote access. Patrons have access to the New Milford Public Library catalog and additional catalogs available through Bibliomation and the State of Connecticut. The library website is constantly being updated and improved. A quarterly newsletter is distributed to all households through the New Milford Spectrum. A variety of Children's Programs continue to attract large numbers of participants. Adults are offered an array of instructional and cultural programs. Delays to the building expansion project required that the library return the \$500,000 State library construction grant.

**Social and Human Services** – Citizens of New Milford are provided with a variety of social services through the Town's Social Services Department, Commission on Aging, and Youth Agency. The Social Services Department assists residents with social, emotional and economic needs. The scope of services is related to helping people to meet basic human needs of shelter, food, clothing and maintenance of health and well-being. The department provides advocacy, referral, and intercession services with utility companies, landlords, health-care providers, school systems, and other State, Federal, and local agencies. Among its programs are the New Milford Food Bank, Energy Assistance, Financial Literacy, Emergency, Family First weekends and various seasonal programs. Approximately 850 local households receive the services of the department annually. Last year, it brought \$556,000 of Federal Heating Assistance monies to 540 qualifying New Milford households and distributed over 7,738 bags of groceries to low-income families. Social Services actively participated in efforts to build affordable housing in Town which resulted in the opening of 40 newly constructed units at Indian Field Apartments in June 2009. Social Services also partners with numerous community groups, such as local Scout troops, churches, civic associations, youth groups, businesses and others to accomplish its work and provide a meaningful site for volunteerism. Last year Social Services averaged 126 monthly volunteers and logged a total of 4671 volunteer hours, or 90 hours per week. The department's emergency aid programs are all funded with grants and donations raised independent of the Town budget. Efforts are focused upon both assistance for individuals and families in need, and working toward wider system changes that can positively impact the social and economic environment of the community.

New Milford's Youth Agency's mission statement is to study the local needs of youth and their families and to create, coordinate and foster programs to promote the protection, health, education, welfare and well-being of the youth of the Town of New Milford.

The agency is staffed by eleven full-time professionals, a full-time office coordinator and a part-time social worker. In addition, the agency provided employment for a seasonal/part time staff of 94. Many of these employees are teens and young adults who receive job training and ongoing leadership opportunities as childcare employees, video programmers, trail and work crew members, Maxx staff and catering. A ten-member Board of Directors is responsible for the operation of the Agency in accordance with the Town ordinance that created the agency. During the past year, the agency provided 123 different programs, serving 4,766 participants. Over 480 different students participated in small group or individual activities.

The following programs are some of the successful services offered during the 2016–17 fiscal year: crisis intervention and referral services at no cost to the clients; support groups and workshops addressing anger management, self-esteem, bullying and workshops to help teens and parents learn about internet safety, healthy relationships, substance abuse, and more. The agency operates the Juvenile Review Panel for local youth offenders and the Youth and Police Community Enrichment Projects. The agency participates in community networking such as the Substance Abuse Prevention Council and Connecticut Youth Services Association. The agency involves children and teens with other local organizations and assists on projects such as Bike Day, Earth Day, Trails Day, Grad Party, Career and Health Fair at the High School and SNIS Walking Project. The Latchkey Childcare Program is the largest child care provider in New Milford and offers care year-round including many holidays and snow days. The Latchkey Program is responsible for the care of over 200 children on a yearly basis. The Latchkey Program employs 30 staff, many of whom are local high school and college students. The Youth Agency's Enrichment Program offers students a chance to try out activities in a variety of areas. The Enrichment Program saw 136 children participate in our 21 activities including culinary, painting, drones, game design, farming and more. Positive youth development opportunities are provided through activities such as the ski club, maple syruping, hiking and educational trips. Youth Leadership opportunities are offered to students on the Student Advisory Board and through teen mentors who help children at our weekly Homework Club and our Summer Thursday's activity program which are offered free of charge.

and run by trained teen leaders. The Maxx holds a variety of activities including middle school dances, high school sports banquets and private parties. The Maxx staff also runs a licensed, full service catering operation staffed by high school and college age students.

Sullivan Farm is operated by the Youth Agency, providing employment to 29 students throughout the year. This spring, 350 children are scheduled to participate in Agricultural Educational Programs. Last summer and fall, 3,600 visitors shopped at the farm stand and the winter market was attended by 2,700 people.

The New Milford Commission on Aging was established in 1973 to study the needs of the Town's aged and to create, coordinate and foster programs to promote health, education, welfare, independence, and the wellbeing of this sector of the population. The New Milford Senior Center works under the direction of this board and has been recognized by the Western CT Area Agency on Aging as a focal point for the New Milford community. A broad range of programs and services are offered both to the elderly in New Milford and to their families.

Coordination and collaboration with the New Milford Health Department, New Milford Visiting Nurse Association, Western CT Health Network – Danbury and New Milford Hospital, and the Alzheimer's Association enhance a full schedule of health and wellness programs. Educational and recreational opportunities continue throughout the year. Exercise classes include yoga, Tai Chi, seated exercise, dance classes and a walkers group.

The Municipal Agent – Senior Services Counselor and another full-time senior services counselor offer assistance in the areas of information and referral as well as direct counseling and advocacy.

Congregate meals are served at the Center four days per week and Meals on Wheels are delivered by volunteers to homebound participants.

Transportation is provided within the Town of New Milford Monday through Friday, by two Town owned wheelchair accessible mini-buses. Rides are provided for those who are 60 years of age, or disabled persons ADA eligible by Housatonic Area Regional Transit. The majority of rides are to work, shopping and social events; including rides to non-emergent medical appointments.

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## Educational Services

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

The Town has six schools for grades kindergarten through twelve. Enrollment in grades kindergarten through twelve as of October 1, 2016 was 4,217. The rated capacity of the system facilities is 5,690.

### School Enrollment

<i>Historical</i>						
<i>School Year</i>	<i>K-3</i>	<i>4 - 6</i>	<i>7 - 8</i>	<i>9 - 12</i>	<i>Special Education</i>	<i>Total</i>
2007-2008	1,519	1,119	782	1,591	32	5,043
2008-2009	1,514	1,117	765	1,578	41	5,015
2009-2010	1,431	1,086	774	1,573	35	4,899
2010-2011	1,379	1,024	748	1,519	40	4,710
2011-2012	1,342	1,035	697	1,516	28	4,618
2012-2013	1,364	1,031	714	1,491	30	4,630
2013-2014	1,332	1,049	674	1,441	33	4,529
2014-2015	1,247	1,026	687	1,389	33	4,382
2015-2016	842	966	1,061	1,369	28	4,266
2016-2017	891	903	1,025	1,367	31	4,217
<i>Projected</i>						
<i>School Year</i>	<i>K-3</i>	<i>4 - 6</i>	<i>7 - 8</i>	<i>9 - 12</i>	<i>Special Education</i>	<i>Total</i>
2017-2018	893	857	1,003	1,408	24	4,185
2018-2019 <sup>1</sup>	800	772	981	1,356	N/A	3,909
2019-2020 <sup>1</sup>	792	756	918	1,378	N/A	3,844

<sup>1</sup> Projected numbers are provided by Town of New Milford, Board of Education, Milone & MacBroom presentation from November 18, 2014.

Source: Town of New Milford, Board of Education

### School Facilities

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Additions, Remodeling)</i>	<i>Number of Classrooms</i>	<i>10/1/2016 Enrollment <sup>1</sup></i>	<i>Rated Capacity <sup>2</sup></i>
Hill and Plain.....	K-3	1967 (1986, 1993)	34	444	720
Northville.....	K-3	1982 (1993)	35	447	720
Sarah Noble Middle.....	4-6	1962 (2001)	63	903	1,350
Schaghticoke Middle.....	7-8	1973 (1993)	58	1,025	1,200
New Milford High.....	9-12	2001	84	1,367	1,700
<b>Total.....</b>			<b>274</b>	<b>4,186</b>	<b>5,690</b>

<sup>1</sup> Does not include special education outplacements nor Vo-Ag and Vocational students.

<sup>2</sup> Original design capacity. Does not reflect modified educational objectives and State-mandated programs.

Source: Town of New Milford, Board of Education

## **Employee Relations and Collective Bargaining**

### **Municipal Employees <sup>1</sup>**

The following table reflects total Town employment for the past five fiscal years:

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
General Government.....	187	186	192	203	198
Board of Education.....	628	628	631	629	655
<b>Total.....</b>	<b>815</b>	<b>814</b>	<b>823</b>	<b>832</b>	<b>853</b>

<sup>1</sup> Full-time equivalent.

Source: Town of New Milford.

### **Employee Relations**

<b>Board of Education Groups</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
New Milford Education Association, CEA-NEA.....	378	6/30/2018
New Milford School Administrators Association.....	17	6/30/2020
New Milford Educational Secretaries Association, Chapter of Local 136, I.F.P.T.E.....	45	6/30/2018
American Federation of State, County and Municipal Employees, AFL-CIO, Local 1303-154 of Council #4.....	8	6/30/2018
Teamsters Local 677, Food and Nutrition Services Employees.....	33	6/30/2019
New Milford Paraeducators Union Chapter 136-09, Local 136, I.F.P.T.E., AFL-CIO.....	98	6/30/2019
International Brotherhood of Teamsters, Local 677.....	46	6/30/2019
<b>Total Unionized Board of Education Employees.....</b>	<b>625</b>	
<b>General Government</b>		
American Federation of State, County and Municipal Employees, AFL-CIO, Local 1303 and 818 .....	44	6/30/2019
United Public Service Employees Union, C.O.P.S. Local 47.....	43	6/30/2018
United Public Service Employees Union, Local Unit 911.....	9	6/30/2018
International Brotherhood of Teamsters, Local 677.....	38	6/30/2019
<b>Total Unionized General Government Employees.....</b>	<b>134</b>	
Non-Union Employees.....	55	
<b>Total Union/Non-Union Employees.....</b>	<b>814</b>	

Source: Town of New Milford.

### **Binding Arbitration**

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teacher's contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

### III. Economic and Demographic Information

#### Population and Density

<i>Year</i>	<i>Actual Population<sup>1</sup></i>	<i>% Increase</i>	<i>Density<sup>2</sup></i>
2015 <sup>3</sup>	27,983	-0.6%	434.5
2010	28,142	3.8%	437.0
2000	27,121	14.8%	421.1
1990	23,629	21.7%	366.9
1980	19,420	33.0%	301.6
1970	14,601	-	226.7

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Per square mile: 64.4 square miles.

<sup>3</sup> American Community Survey 2011-2015

#### Age Distribution of the Population

<i>Age</i>	<i>Town of New Milford</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Under 5 years .....	1,249	4.5%	197,395	5.5%
5 to 9 years .....	1,954	7.0	220,139	6.1%
10 to 14 years .....	1,941	6.9	236,742	6.6%
15 to 19 years .....	1,799	6.4	255,816	7.1%
20 to 24 years .....	1,370	4.9	229,708	6.4%
25 to 34 years .....	3,369	12.0	428,258	12.0%
35 to 44 years .....	4,082	14.6	469,746	13.1%
45 to 54 years .....	5,150	18.4	568,510	15.9%
55 to 59 years .....	2,164	7.7	246,210	6.9%
60 to 64 years .....	1,480	5.3	210,753	5.9%
65 to 74 years .....	1,912	6.8	269,422	7.5%
75 to 84 years .....	1,122	4.0	164,260	4.6%
85 years and over .....	391	1.4	86,602	2.4%
<b>Total.....</b>	<b>27,983</b>	<b>100%</b>	<b>3,583,561</b>	<b>100%</b>

Median Age (Years) 2015..... 41.0 40.2

Source: American Community Survey 2011-2015

#### Income Distribution

<i>Income</i>	<i>Town of New Milford</i>		<i>State of Connecticut</i>	
	<i>Families</i>	<i>Percent</i>	<i>Families</i>	<i>Percent</i>
\$ 0 - \$ 9,999.....	156	2.1%	29,895	3.3%
10,000 - 14,999.....	36	0.5	19,176	2.1%
15,000 - 24,999.....	220	3.0	47,319	5.2%
25,000 - 34,999.....	290	3.9	56,997	6.3%
35,000 - 49,999.....	850	11.5	86,025	9.5%
50,000 - 74,999.....	1,047	14.2	143,989	15.9%
75,000 - 99,999.....	1,381	18.7	131,874	14.6%
100,000 - 149,999.....	1,534	20.8	187,718	20.8%
150,000 - 199,999.....	893	12.1	90,602	10.0%
200,000 and over.....	971	13.2	109,982	12.2%
<b>Total.....</b>	<b>7,378</b>	<b>100.0%</b>	<b>903,577</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

### **Income Levels**

	<b>Town of New Milford</b>	<b>State of Connecticut</b>
Per Capita Income, 2015.....	\$ 41,224	\$ 37,892
Median Family Income, 2015.....	\$ 93,959	\$ 87,245
Percent Below Poverty (Families), 2015 .....	5.80%	7.30%

*Source: American Community Survey 2011-2015*

### **Educational Attainment Years of School Completed Age 25 and Over**

	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	454	2.3%	109,133	4.5%
9th to 12th grade.....	1,022	5.2	155,272	6.4
High School graduate.....	5,292	26.9	678,370	27.8
Some college, no degree.....	3,499	17.8	431,469	17.7
Associate's degree .....	1,670	8.5	178,597	7.3
Bachelor's degree.....	5,089	25.9	498,124	20.4
Graduate or professional degree.....	2,644	13.4	392,796	16.1
<b>Total.....</b>	<b>19,670</b>	<b>100.0%</b>	<b>2,443,761</b>	<b>100.0%</b>
Total high school graduate or higher (%).....	92.5%		89.2%	
Total bachelor's degree or higher (%).....	39.3%		36.5%	

*Source: American Community Survey 2011-2015*

### **Major Employers As of March 2017**

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Town of New Milford .....	Municipality / BOE	500-999
New Milford Hospital/Western CT Health Care.....	Hospital	500-999
Kimberly-Clark Corporation.....	Manufacturing	350-400
Litchfield Crossing Project.....	Retail	249-500
Canterbury School Inc.....	Private School	100-249
Candlewood Valley Care Center.....	Health Care Facility	100-249
Wal-Mart.....	Retail Store	100-249
Buck's Rock Performing Arts Center.....	Education	100-249
Stop & Shop.....	Supermarket	100-249
Neeltran.....	Transformers	100-249
Village Crest Center for Health.....	Convalescent Home	100-249
Chemical Marketing Concepts.....	Packaging	100-249
Big Y.....	Supermarket	100-249
Diner Luxe.....	Restaurant	100-249
Geron Nursing & Respite.....	Convalescent Home	100-249

**Employment by Industry**  
**Employed Persons 16 Years and Over**

<b>Sector</b>	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	237	1.5%	6,945	0.4%
Construction.....	1249	8.0	99,444	5.7
Manufacturing.....	2216	14.3	193,945	11.0
Wholesale trade.....	302	1.9	43,550	2.5
Retail trade.....	2083	13.4	191,841	10.9
Transportation warehousing, and utilities....	500	3.2	65,630	3.7
Information.....	418	2.7	41,588	2.4
Finance, insurance, real estate, and leasing..	1019	6.6	160,976	9.1
Professional, scientific, management, administrative, and waste management....	2025	13.0	194,959	11.1
Education, health and social services.....	3,640	23.4	464,177	26.4
Arts, entertainment, recreation, accommodation and food services.....	1028	6.6	148,097	8.4
Other services (except public admin.).....	532	3.4	81,443	4.6
Public Administration.....	282	1.8	66,817	3.8
<b>Total Labor Force, Employed.....</b>	<b>15,531</b>	<b>100%</b>	<b>1,759,412</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

**Employment Data**

<b>Period</b>	<b>Town of New Milford</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of New Milford</b>	<b>Danbury Labor Market</b>	<b>State of Connecticut</b>
February 2017 .....	14,643	808	5.2	4.9	5.5
<b>Annual Average</b>					
2016.....	14,894	696	4.5	4.4	5.3
2015.....	15,013	736	4.7	4.5	5.6
2014.....	15,010	855	5.4	5.3	6.7
2013.....	14,690	1,022	6.5	6.2	7.9
2012.....	14,944	1,097	6.8	6.7	8.3
2011.....	15,279	1,167	7.1	7.0	8.8
2010.....	15,045	1,235	7.6	7.7	9.0
2009.....	15,145	1,152	7.1	7.3	8.2
2008.....	15,703	741	4.5	4.5	5.7
2007.....	15,915	598	3.8	3.6	4.6

Source: State of Connecticut, Department of Labor.

**Commute to Work**

	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Drove alone .....	12,525	82.6%	1,359,050	78.7%
Car pools .....	1,742	11.5	144,497	8.4
Used public transportation .....	287	1.9	80,574	4.7
Walked .....	185	1.2	52,155	3.0
Used other means .....	18	0.1	19,955	1.2
Worked at home .....	403	2.7	71,055	4.1
<b>Total .....</b>	<b>15,160</b>	<b>100.0%</b>	<b>1,727,286</b>	<b>100.0%</b>
Mean travel to work (minutes)		31.1		24.8

Source: American Community Survey 2011-2015

### Age Distribution of Housing

<b>Year Built</b>	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	1,855	15.8%	1,855	0.2%
1940 to 1969.....	3,060	26.0	538,727	46.8
1970 to 1979.....	1,936	16.5	200,576	17.4
1980 to 1989.....	2,376	20.2	192,185	16.7
1990 to 1999.....	1,314	11.2	111,295	9.7
2000 or 2009.....	1,204	10.2	102,666	8.9
2010 or later.....	13	0.1	4,959	0.4
<b>Total Housing Units.....</b>	<b>11,758</b>	<b>100.0%</b>	<b>1,152,263</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

### Housing Inventory

<b>Housing Units</b>	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	8,796	74.8%	882,026	59.3%
1-unit, attached.....	412	3.5	80,070	5.4
2 units.....	333	2.8	119,386	8.0
3 or 4 units.....	629	5.3	132,699	8.9
5 to 9 units.....	599	5.1	80,615	5.4
10 to 19 units.....	511	4.3	54,993	3.7
20 or more units.....	364	3.1	124,355	8.4
Mobile home.....	114	1.0	12,427	0.8
Boat, RV, van, etc.....	-	-	424	0.0
<b>Total Inventory.....</b>	<b>11,758</b>	<b>100.0%</b>	<b>1,486,995</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

### Housing Vacancy Rates

<b>Housing Units</b>	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Occupied housing units .....	10,707	91.1%	1,355,849	91.2%
Vacant housing units .....	1051	8.9%	131,146	8.8%
<b>Total units .....</b>	<b>11,758</b>	<b>100.0%</b>	<b>1,486,995</b>	<b>100.0%</b>
Homeowner vacancy rate .....		1.1		1.6
Rental vacancy rate .....		9.6		7.1

Source: American Community Survey 2011-2015

### Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of New Milford		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	257	3.0%	20,800	2.3%
\$50,000 to \$99,000.....	212	2.5	24,638	2.7
\$100,000 to \$149,999.....	437	5.1	66,934	7.3
\$150,000 to \$199,000.....	788	9.2	135,714	14.8
\$200,000 to \$299,999.....	2,338	27.2	264,832	28.8
\$300,000 to \$499,999.....	3,479	40.5	250,076	27.2
\$500,000 to \$999,999.....	865	10.1	114,622	12.5
\$1,000,000 or more.....	217	2.5	41,872	4.6
<b>Total.....</b>	<b>8,593</b>	<b>100.0%</b>	<b>919,488</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$310,700</b>		<b>\$278,900</b>	

Source: American Community Survey 2011-2015

### Number and Size of Households

Household Characteristics	Town of New Milford		State of Connecticut	
	Number	Percent	Number	Percent
Persons in households .....	27,700	—	3,457,415	—
Persons per household (average) ....	2.59	—	2.55	—
Persons per family (average) .....	3.11	—	3.14	—
Family households .....	7,378	68.9%	903,577	66.6%
Non-family households .....	3,329	31.1%	452,272	33.4%
<b>All households .....</b>	<b>10,707</b>	<b>100.0%</b>	<b>1,355,849</b>	<b>100.0%</b>
<i>Family households by type</i>				
Married couple .....	6,098	82.7%	669,883	74.1%
Female householders, no spouse ...	829	11.2%	176,295	19.5%
Other .....	451	6.1%	57,399	6.4%
<b>Total family households .....</b>	<b>7,378</b>	<b>100.0%</b>	<b>903,577</b>	<b>100.0%</b>
<i>Non-family households by type</i>				
Householders living alone .....	2,588	77.7%	374,214	82.7%
Other .....	741	22.3%	78,058	17.3%
<b>Total non-family households .....</b>	<b>3,329</b>	<b>100.0%</b>	<b>452,272</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

### **Building Permits**

The following is a schedule of building permits and their estimated values over the last ten years:

<b>Fiscal Year</b>	<b>Permits</b>	<b>Total Value</b>
2017 <sup>1</sup>	931	\$16,904,414
2016	847	31,407,836
2015	1,230	24,649,900
2014	1,215	33,446,954
2013	1,219	26,093,542
2012	156	22,863,418
2011	211	25,469,355
2010	216	30,255,751
2009	162	20,001,054
2008	202	20,994,439

<sup>1</sup> Represents July 1, 2016 through March 1, 2017.

Source: Town of New Milford, Building Official

### **Land Use Breakdown**

<b>Land Use Category</b>	<b>Acreage</b>	<b>Percent</b>
Agriculture.....	5,474	13.6%
Cemetery.....	137	0.3
Commercial.....	683	1.7
Conservation.....	1,832	4.6
Industrial.....	523	1.3
Institutional.....	243	0.6
Park.....	1,051	2.6
Utility.....	1,203	3.0
Private Recreation.....	264	0.7
Residential.....	11,805	29.4
Semi-public.....	246	0.6
Vacant.....	14,882	37.1
Water Company Lands.....	359	0.9
Water.....	1,449	3.6
<b>Subtotal.....</b>	<b>40,151</b>	<b>96.8</b>
Roads.....	1,321	3.2
<b>Total.....</b>	<b>41,472</b>	<b>100.0%</b>

Source: 2017 Plan of Conservation and Development.

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## ***Plan of Conservation and Development***

Section 8-23 of the Connecticut General Statutes requires municipalities to update their town plans at least once every 10 years. The purpose of the plan is to provide a framework of needs, policies, actions, and priorities that will guide community decision-makers on land-use management, community facilities development, parks and recreation, open space and environmental conservation, transportation and traffic improvement, utilities services, and economic development. The New Milford Planning Commission approved its 2010 Plan of Development in July 2010, as an update to the previous plan, updated and adopted in 1997. The theme that is prevalent throughout the updated plan is the community's desire to maintain New Milford's small town character and rural ambiance, and to protect its natural beauty while allowing development to expand the tax base and accommodate demand for new residences and commercial activity.

Features which are especially important to New Milford's image include the historic character and scale of the New Milford Village Center, and the villages of Gaylordsville and Northville. Country roads through outlying sections of Town are important as well as the stone walls, large trees, barns, and historic homes located on these roads. New Milford's natural resources such as the Housatonic, Still, East, and West Aspetuck Rivers and Candlewood Lake are to be protected for their intrinsic value and aesthetic amenities. Along with conservation of these resources is the desire to maintain scenic vistas and to enhance public access to these resources. Economic development is implemented with an eye towards maintaining traffic flow and the overall appearance of the community and the valued natural resources and scenic features.

Growth in New Milford is expected. Expansion of the Route 7 corridor will be the principal source for modern commercial and industrial development. Sanitary sewer service and treatment capacity have been increased to facilitate this economic development. Residential growth will also continue, but the focus has shifted to promoting workforce housing and mixed use development. Outlying rural areas are expected to remain forest land as much as possible with scattered, low-density, single family construction. As development proceeds, subdivision and construction will be guided by policies which incorporate conservation of natural and rural features into the project design. The Town of New Milford recognizes and accepts its obligation to improve Town roads, schools, and recreation facilities to meet the needs of a growing community. New facilities will be considered as the community expresses the need.

The New Milford Planning Commission commissioned the consulting firm of Planimetrics, LLC to facilitate a comprehensive update to the Town's Plan of Conservation and Development. A series of public meetings involving commissioners, elected and appointed officials, as well as members of the public were convened in late 2007 and early 2008. Those meetings affirmed the community's desire to engage a professional land use consultant for the purpose of conducting a complete and comprehensive analysis, rather than a simplified review and update. More in-depth public hearings, focus group activities and Planning Commission deliberations took place in 2008 and early 2009, to gather input from residents and local officials while developing the 2010 Plan of Conservation and Development, which became effective in August 2010.

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## **IV. Tax Base Data**

### **Property Tax & Assessments**

Section 12-62 et seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. The Town's last statistical revaluation of property was completed for the grand list as of October 1, 2015. The Town must complete a physical revaluation for the grand list as of October 1, 2020. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate, taxable personal property, and motor vehicles located within the Town on October 1. Assessments for real property are computed at 70% of the market value at the time of the last revaluation. Grand list information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy.

Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value. All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically.

*Motor Vehicles.* Public Act No. 16-3 allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 37.00 mills for the 2015 assessment year and (2) 32.00 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to provide funding to municipalities to fully reimburse the revenue loss attributed to the motor vehicle property tax cap. Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

The Town of New Milford has not approved use of Section 12-124a of the Connecticut General Statutes which permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. Public Act 06-176 permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

### **Levy**

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Taxes are payable on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes that are deemed to be uncollectible.

### Comparative Assessed Valuations

The following table sets forth the Town's Taxable Grand List by component:

<b>Grand List As Of 10/1</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List (000's)</b>	<b>Exemptions, Veterans Relief and Disabled (000's)</b>	<b>Net Taxable Grand List (000's)</b>	<b>Percent Growth</b>
2016	85.3	7.2	7.5	\$ 2,971,119	\$ 88,922	\$ 2,882,197	0.1%
2015 <sup>1</sup>	85.4	7.2	7.4	2,966,273	88,326	2,877,947	-0.9%
2014	86.2	6.6	7.2	2,989,262	85,268	2,903,994	0.3%
2013	86.7	6.1	7.2	2,968,667	72,258	2,896,409	0.4%
2012	86.8	6.2	7.0	2,961,594	76,125	2,885,469	0.6%
2011	89.0	3.7	7.3	2,940,068	72,969	2,867,099	0.2%
2010 <sup>1</sup>	89.1	4.1	6.8	2,928,539	66,934	2,861,605	-6.1%
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	0.3%
2007	88.9	4.4	6.7	3,059,306	34,834	3,024,472	-

<sup>1</sup> Revaluation.

Source: Town of New Milford, Assessor's Office.

### Property Tax Levies and Collections

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List (000's)</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy (000's)</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2016</b>
2015 <sup>1</sup>	2017	\$ 2,877,947	26.77	\$ 77,043	<i>In Collection</i>		
2014	2016	2,903,994	26.75	77,482	98.4%	1.6%	1.6%
2013	2015	2,896,409	26.30	75,922	98.5%	1.5%	0.3%
2012	2014	2,885,469	25.85	72,246	98.0%	2.0%	0.1%
2011	2013	2,867,099	25.37	70,094	98.1%	1.9%	0.0%
2010 <sup>1</sup>	2012	2,861,605	24.75	70,078	97.4%	2.6%	0.0%
2009	2011	3,046,266	22.72	68,492	98.0%	2.0%	0.0%
2008	2010	3,034,399	22.52	67,664	98.0%	2.0%	0.0%

<sup>1</sup> Revaluation.

Source: Town of New Milford, Tax Collector

### **Ten Largest Taxpayers**

The following table sets forth the ten largest taxpayers in the Town according to most recent Grand List:

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Kimberly-Clark .....	Manufacturing	\$ 99,187,680	3.44%
Eversource Energy .....	Utility	61,783,990	2.14%
U B Litchfield LLC .....	Shopping Center	14,971,250	0.52%
Litchfield Crossing LLC .....	Shopping Center	14,141,610	0.49%
First Light Hydro Generating Co .....	Utility	13,631,720	0.47%
Aquarion Water Company of CT .....	Utility	11,157,070	0.39%
Home Depot USA Inc .....	Retailer	8,595,440	0.30%
U B NM Fairfield Plaza LLC .....	Shopping Center	5,561,780	0.19%
U B New Milford LLC .....	Shopping Center	5,184,200	0.18%
O&G Industries Inc. ....	Gravel Mine	4,768,610	0.17%
<b>Total.....</b>		<b>\$ 238,983,350</b>	<b>8.29%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2016 of \$2,882,197,043.

Source: Town of New Milford, Assessor's Office.

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of April 24, 2017**  
**(Pro Forma)**

<b>Date</b>	<b>Purpose</b>	<b>Interest Rate %</b>	<b>Original Issue</b>	<b>Amount Outstanding<sup>1</sup></b>	<b>Fiscal Year of Maturity</b>
2004	General Purpose.....	2.00-5.00	\$ 459,745	\$ 128,750	2024
2004	Schools.....	2.00-5.00	17,175,020	1,810,750	2024
2004	Sewers.....	2.00-5.00	4,800,235	1,620,500	2024
2008	General Purpose.....	4.00-5.00	3,106,000	1,425,000	2029
2008	Schools.....	4.00-5.00	13,857,000	2,780,000	2029
2008	Sewers.....	4.00-5.00	242,000	50,000	2029
2010	General Purpose.....	2.00-4.00	3,865,000	2,440,000	2031
2013	Clean Water Fund loan.....	2.00	22,165,429	18,944,863	2033
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 65,670,429</b>	<b>\$ 29,199,863</b>	
<b>This Issue</b>					
2017	General Purpose.....	3.00-5.00	\$ 5,740,000	\$ 5,740,000	2037
2017	Schools.....	3.00-5.00	6,100,000	6,100,000	2037
<b>Total This Issue.....</b>			<b>\$ 11,840,000</b>	<b>\$ 11,840,000</b>	
<b>Grand Total.....</b>			<b>\$ 77,510,429</b>	<b>\$ 41,039,863</b>	

<sup>1</sup> Excludes bonds refunded or defeased.

**Short-Term Debt**  
**As of April 24, 2017**  
**(Pro Forma)**

<b>Project</b>	<b>Amount Authorized</b>	<b>The Notes: Due: 7/24/2017</b>
Roads III .....	\$ 2,535,000	\$ 630,000
<b>Total .....</b>	<b>\$ 2,535,000</b>	<b>\$ 630,000</b>

**Clean Water Fund Program**

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

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

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

**Annual Bonded Debt Maturity Schedule**  
**As of April 24, 2017**  
**(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>	<b>This Issue</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2017 <sup>1</sup>	\$ 256,508	\$ 94,297	\$ 350,805	\$ -	\$ 256,508	0.59%
2018	3,738,943	744,904	4,483,847	1,060,000	4,798,943	11.72%
2019	3,689,913	604,484	4,294,397	1,060,000	4,749,913	22.73%
2020	2,211,307	503,634	2,714,941	1,060,000	3,271,307	30.31%
2021	1,728,132	439,045	2,167,177	1,060,000	2,788,132	36.78%
2022	1,665,398	395,117	2,060,516	1,060,000	2,725,398	43.09%
2023	1,688,114	351,577	2,039,691	1,060,000	2,748,114	49.46%
2024	1,711,288	307,277	2,018,564	1,060,000	2,771,288	55.89%
2025	1,444,929	262,004	1,706,933	1,060,000	2,504,929	61.69%
2026	1,469,048	228,691	1,697,739	1,060,000	2,529,048	67.56%
2027	1,493,654	194,654	1,688,308	1,060,000	2,553,654	73.48%
2028	1,518,756	159,964	1,678,721	485,000	2,003,756	78.12%
2029	1,544,365	124,730	1,669,096	485,000	2,029,365	82.82%
2030	1,470,491	91,073	1,561,564	485,000	1,955,491	87.36%
2031	1,497,145	58,889	1,556,033	485,000	1,982,145	91.95%
2032	1,374,336	28,885	1,403,221	485,000	1,859,336	96.26%
2033	697,536	4,075	701,610	270,000	967,536	98.50%
2034	-	-	-	270,000	270,000	99.13%
2035	-	-	-	125,000	125,000	99.42%
2036	-	-	-	125,000	125,000	99.71%
2037	-	-	-	125,000	125,000	100.00%
<b>Total.....</b>	<b>\$ 29,199,863</b>	<b>\$ 4,593,299</b>	<b>\$ 33,793,161</b>	<b>\$ 13,940,000</b>	<b>\$ 43,139,863</b>	

<sup>1</sup> Excludes principal payments of \$4,711,879 and interest payments of \$4,874,090 made between July 1, 2016 and April 24, 2017.

**Overlapping Debt**

The Town of New Milford has no overlapping debt.

**Underlying Debt**

There are twelve Tax Districts within New Milford. As of April 24, 2017, none of these tax districts have any long-term debt outstanding.

**THE TOWN OF NEW MILFORD HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES**

**Debt Statement**  
**As of April 24, 2017**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 11,833,750
Schools (Includes this issue).....	10,690,750
Sewers.....	20,615,363
<b>Total Long-Term Debt.....</b>	<b>43,139,863</b>
<b>Short-Term Debt (The Notes).....</b>	<b>630,000</b>
<b>Direct Debt.....</b>	<b>43,769,863</b>
<b>Overlapping/Underlying Debt .....</b>	<b>-</b>
<b>Total Overall Debt.....</b>	<b>43,769,863</b>
Less: School Construction Grants Receivable (As of June 30, 2016) .....	(1,709,181)
<b>Total Overall Net Debt.....</b>	<b>\$ 42,060,682</b>

**Current Debt Ratios**  
**As of April 24, 2017**  
**(Pro Forma)**

Population (2015) <sup>1</sup> .....	27,983
Net Taxable Grand List (10/1/16) .....	\$ 2,882,197,043
Estimated Full Value (70%).....	\$ 4,117,424,347
Equalized Grand List (10/1/14) <sup>2</sup> .....	\$ 4,150,983,903
Money Income per Capita (2015) <sup>1</sup> .....	\$ 41,224

	<b>Total Overall Debt</b>	<b>Total Overall Net Debt</b>
Per Capita.....	\$1,564.16	\$1,503.08
Ratio to Net Taxable Grand List.....	1.52%	1.46%
Ratio to Estimated Full Value.....	1.06%	1.02%
Ratio to Equalized Grand List.....	1.05%	1.01%
Debt per Capita to Money Income per Capita (2015)....	3.79%	3.65%

<sup>1</sup> American Community Survey 2011-2015

<sup>2</sup> Office of Policy and Management, State of Connecticut.

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## **Budget Procedure**

The Town of New Milford operating budget is adopted at the Annual Budget Meeting as follows:

- 1) Departmental estimates are submitted to the Director of Finance no later than the first Tuesday in February.
- 2) The Mayor presents preliminary budget requests to the Town Council and Board of Finance by the third Tuesday in February.
- 3) Joint meetings of the Town Council, Board of Finance and Mayor are held to review budget proposals.
- 4) A budget recommended by the Mayor and Town Council is presented to the Board of Finance by the third Tuesday in March.
- 5) The Board of Finance holds one or more public hearings on the budget by the third Tuesday in April.
- 6) Within 15 days of the last public hearing, the Board of Finance approves the budget for submission to the Annual Budget Meeting.
- 7) The Annual Budget Meeting adopts the budget no later than the second Tuesday in May.
- 8) The Board of Finance establishes the mill rate within five days of budget adoption.

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

The Governor's proposed biennial budget for fiscal years commencing July 1, 2017 and 2018 included reductions in funding for Education Cost Sharing, and Grants for Municipal Projects programs and the transfer to the Town of 1/3 of the pension cost of Town of New Milford's teachers, for a total of \$6.6 million in local cost increases in the next fiscal year, which represents 2.87 mills. There can be no assurance that all or any portion of the Governor's proposed budget will be adopted, or what impact on the Town the State budget as adopted will have.

Public Act No. 15-244 (the "Act") reduces a municipality's revenue sharing grant if its general budget expenditures (as modified by the Act) in any seal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality's revenue sharing grant the Act is sometimes popularly referred to as imposing a "spending cap". Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. However, for municipalities that taxed motor vehicles at more than 32.00 mills for the 2013 assessment year (for taxes levied in FY 15), the reduction may not exceed the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32.00 mills. (See "Assessments" herein).

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

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.63 mills, for FY 18 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal; revenue sharing grant will not be reduced.

Bonds are authorized pursuant to a bond resolution adopted by the Town Meeting, after approval by the Town Council.

## **Temporary Financing**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than the end of the third and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

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

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

## **Limitation of Indebtedness**

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

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

“Annual receipts from taxation” (the “base”) are defined as total tax collections (including interest and penalties) and state payments for revenue losses under CGS Section 12-129d and P.A. 87-584, Sections 3 and 4. In no case shall total indebtedness exceed seven times the base.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement, for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds, for indebtedness issued for certain water pollution control projects, and for refunding indebtedness.

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**Statement of Debt Limitation**  
**As of April 24, 2017**  
**(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2016.....	\$ 78,031,942
Reimbursement For Revenue Loss (Tax relief for elderly).....	153,834
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 78,185,776</b>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 <sup>1</sup> / <sub>4</sub> times base.....	\$ 175,917,996	-	-	-	-
4 <sup>1</sup> / <sub>2</sub> times base.....	-	\$ 351,835,992	-	-	-
3 <sup>3</sup> / <sub>4</sub> times base.....	-	-	\$ 293,196,660	-	-
3 <sup>1</sup> / <sub>4</sub> times base.....	-	-	-	\$ 254,103,772	-
3 times base.....	-	-	-	-	\$ 234,557,328
<b>Total Debt Limitation.....</b>	<b>\$ 175,917,996</b>	<b>\$ 351,835,992</b>	<b>\$ 293,196,660</b>	<b>\$ 254,103,772</b>	<b>\$ 234,557,328</b>

<b>Indebtedness:</b>					
Bonds Outstanding .....	\$ 3,993,750	\$ 4,590,750	\$ 20,615,363 <sup>1</sup>	\$ -	\$ -
Bonds – This Issue.....	5,740,000	6,100,000	2,100,000	-	-
Notes – This Issue.....	630,000	-	-	-	-
Overlapping/Underlying Debt.....	-	-	-	-	-
Debt Authorized But Unissued.....	-	450,000	-	-	-
<b>Total Net Indebtedness.....</b>	<b>10,363,750</b>	<b>11,140,750</b>	<b>22,715,363</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS....</b>	<b>\$ 165,554,246</b>	<b>\$ 340,695,242</b>	<b>\$ 270,481,297</b>	<b>\$ 254,103,772</b>	<b>\$ 234,557,328</b>
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<sup>1</sup> Includes Clean Water Fund Project Loan Obligation.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$547,300,432

**Authorized but Unissued Debt**  
**As of April 24, 2017**  
**(Pro Forma)**

<b>Project</b>	<b>Amount Authorized</b>	<b>Previous (Paydowns)</b>	<b>Notes Due: 4/24/2017</b>	<b>This Issue:</b>		<b>Authorized But Unissued Debt</b>
				<b>The Bonds</b>	<b>The Notes: Due: 7/24/2017</b>	
Roads III .....	\$ 2,535,000	\$ (1,905,000)	\$ 630,000	\$ -	\$ 630,000	\$ -
Emergency Dispatch Upgrade .....	530,000	(90,000)	440,000	440,000	-	-
Rt. 7 Pump Stations .....	2,250,000	(150,000)	2,100,000	2,100,000	-	-
Bridges & Roads .....	2,260,000	(226,000)	2,034,000	2,034,000	-	-
Communication Improvements .....	3,630,000	(364,000)	3,266,000	3,266,000	-	-
Synthetic Turf Field at High School .....	4,000,000	-	3,550,000	3,550,000	-	450,000
Schaghticoke School Roof .....	2,550,000	-	2,550,000	2,550,000	-	-
<b>Total.....</b>	<b>\$ 17,755,000</b>	<b>\$ (2,735,000)</b>	<b>\$ 14,570,000</b>	<b>\$ 13,940,000</b>	<b>\$ 630,000</b>	<b>\$ 450,000</b>

**Principal Amount of Outstanding Debt  
Last Five Fiscal Years**

<b>Long-Term Debt<sup>1</sup></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Bonds.....	\$ 12,258	\$ 15,936	\$ 19,624	\$ 26,125	\$ 30,685
CWF .....	1,947	2,224	2,501	22,821	918
<b>Sub-Total Long-Term Debt....</b>	<b>14,205</b>	<b>18,160</b>	<b>22,125</b>	<b>48,946</b>	<b>31,603</b>
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	15,605	10,905	34,012	12,700	25,140
<b>Grand Total.....</b>	<b>\$ 29,810</b>	<b>\$ 29,065</b>	<b>\$ 56,137</b>	<b>\$ 61,646</b>	<b>\$ 56,743</b>

<sup>1</sup> Does not include Water debt, compensated absences or capital lease obligations.

Source: Town of New Milford Audited Financial Reports 2012-2016.

**Ratios of Net Long-Term Debt to Valuation, Population and Income**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Net Long-Term Debt<sup>1</sup></b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income<sup>3</sup></b>
2016	\$ 2,903,994	\$ 4,148,563	\$ 12,258	0.42%	0.30%	27,983	\$ 438.05	1.06%
2015	2,896,409	4,137,727	15,936	0.55%	0.39%	27,983	569.49	1.38%
2014	2,885,469	4,122,099	19,624	0.68%	0.48%	27,983	701.28	1.70%
2013	2,867,099	4,095,856	26,125	0.91%	0.64%	27,983	933.60	2.26%
2012	2,861,605	4,088,007	30,685	1.07%	0.75%	27,983	1,096.56	2.66%
2011	3,046,266	4,351,809	35,245	1.16%	0.81%	27,983	1,259.51	3.06%
2010	3,034,399	4,334,856	35,725	1.18%	0.82%	27,983	1,276.67	3.10%

<sup>1</sup> Long-Term debt does not include Water debt, compensated absences, capital lease obligations, or State of Connecticut Clean Water Fund Debt.

<sup>2</sup> U.S. Bureau of Census, American Community Survey, 2011-2015.

<sup>3</sup> American Community Survey (2011-2015), Money Income Per Capita \$41,224.

**Ratio of Total General Fund Debt Service Expenditures  
To Total General Fund Expenditures and Transfers Out  
Last Five Fiscal Years**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures<sup>1</sup></b>	<b>Ratio of Total Debt Service To General Fund Expenditures</b>
2017	\$ 7,252,317	\$ 99,837,272	7.26%
2016	5,293,159	109,801,741	4.82%
2015	5,413,962	106,329,815	5.09%
2014	5,579,182	104,568,939	5.34%
2013	5,948,748	98,106,377	6.06%
2012	6,116,802	100,239,615	6.10%
2011	5,590,447	96,177,308	5.81%
2010	5,819,761	92,592,350	6.29%

<sup>1</sup> Includes transfers out.

Source: Town of New Milford Finance Department.

## **VI. Financial Administration**

### **Fiscal Year**

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

### **Basis of Accounting**

See footnote number 1 in "Notes to Financial Statements."

### **Capital Improvement Plan**

The Town of New Milford's Town Charter mandates the annual compilation of a five-year Capital Improvement Budget. A summary of the plan, and the implementation procedure, as specified in the Town Charter, are as follows:

- 1) Departmental requests for the ensuing fiscal year and four additional years are submitted to the Mayor by February first.
- 2) The Town Council reviews and recommends to the Board of Finance projects for the ensuing fiscal year and four additional years and the means of financing.

<b>Purpose</b>	<b>Fiscal 2016-17</b>	<b>Fiscal 2017-18</b>	<b>Fiscal 2018-19</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Total</b>
Administration.....	\$ 471,200	\$ 475,400	\$ 587,400	\$ 667,400	\$ 417,400	\$ 2,618,800
Public Works.....	9,152,665	11,261,705	11,419,172	11,007,000	9,004,000	51,844,542
Library.....	20,000	114,500	147,500	128,500	85,000	495,500
Parks & Recreation.....	29,514	189,551	450,200	273,100	425,500	1,367,865
Public Safety.....	141,578	275,150	273,000	281,350	289,200	1,260,278
Youth Services.....	13,591	13,591	4,500	4,500	4,500	40,682
<b>Total .....</b>	<b>\$ 9,828,548</b>	<b>\$ 12,329,897</b>	<b>\$ 12,881,772</b>	<b>\$ 12,361,850</b>	<b>\$ 10,225,600</b>	<b>\$ 57,627,667</b>

<b>Funding</b>	<b>Fiscal 2016-17</b>	<b>Fiscal 2017-18</b>	<b>Fiscal 2018-19</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Total</b>
General Fund Expenditures.....	\$ 889,185	\$ 3,770,806	\$ 3,661,772	\$ 4,626,850	\$ 3,618,100	\$ 16,566,713
Borrowings.....	6,725,000	6,200,000	6,040,000	6,845,000	5,850,000	31,660,000
Grants.....	2,205,272	2,350,000	3,180,000	890,000	757,500	9,382,772
Self Sustaining (Youth).....	9,091	9,091	-	-	-	18,182
<b>Total Funding Sources.....</b>	<b>\$ 9,828,548</b>	<b>\$ 12,329,897</b>	<b>\$ 12,881,772</b>	<b>\$ 12,361,850</b>	<b>\$ 10,225,600</b>	<b>\$ 57,627,667</b>

### **Audit**

The Town of New Milford, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act No. 77-611 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

## Pensions

*Plan Administration* - 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 substantially all full time employees of the Town and Board of Education personnel other than certified teachers, who are covered under the State Teachers' Retirement System. The Plan is administered by the Town Director of Finance. Plan benefits and contribution requirements are established by the plan document.

*Plan membership* - All full time employees eligible to participate in the plan become a Plan participant with their date of hire. Membership of the Plan consisted of the following as of July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits .....	184
Terminated plan members entitled to but not yet receiving benefits .....	85
Active plan members .....	<u>423</u>
Total .....	692

*Benefits provided* - The Plan provides retirement, death and disability benefits to all eligible members. 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 five years during the last ten 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 ten years of the normal retirement date but not earlier than age 55). Benefits are reduced by 0.5% per month for each month that the early retirement date precedes the normal retirement date.

*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% (amended in 2007 from 1.7%) of the participant's highest average annual compensation in the three years during the last ten 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 ten years of the normal retirement date but not earlier than age 55). Benefits are reduced by 0.5% per month for each month that the early retirement date precedes the normal retirement date.

*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 three years during the last ten 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 ten years of the normal retirement date but not earlier than age 55). Benefits are reduced by 0.5% per month for each month that the early retirement date precedes the normal retirement date.

*Police:* All full time regular employees are eligible for participation in the Plan and become fully vested in the Plan upon the completion of 10 years of service. The normal retirement benefit is calculated as 2.5% (amended during 2007 from 2.25%) of the participant's highest average annual compensation in the three years during the last five 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 three years during the last five 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.

*Contributions* - The contribution requirements of plan members and the Town are established and may be amended by the Town Council. The employer's contributions were based on normal cost and an amortization of the unfunded actuarial accrued liability. The Town's actuary determines annual employer contributions to the plan. Employee contribution requirements vary by class of employees covered, per terms of the Plan agreement. The following is a summary of the contribution requirements for each type of class covered:

*Non-union employees:* Employees are not required to contribute to the plan.

*Teamsters:* Employees are required to contribute 2% of compensation under a salary reduction agreement to the Plan.

*AFSCME:* Employees are required to contribute 2% of compensation under a salary reduction agreement to the Plan.

*Police:* 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.

## ***Funding Status and Progress***

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the Plan’s funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers.

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## ***Pension Trend Information***

Trend information gives an indication of the progress made in the accumulation of sufficient assets to pay benefits when due.

<b><i>Actuarial Valuation Date</i></b>	<b><i>Actuarial Value of Assets (a)</i></b>	<b><i>Actuarial Accrued Liability (AAL) (b)</i></b>	<b><i>Funded (Unfunded) AAL (UAAL) (a-b)</i></b>	<b><i>Percentage Funded (a/b)</i></b>	<b><i>Covered Payroll (c)</i></b>	<b><i>UAAL as a % of Covered Payroll ((a-b)/c)</i></b>
7/1/2008	\$ 35,890,689	\$ 40,296,699	\$ (4,406,010)	89.1%	\$ 16,488,966	(26.7%)
7/1/2009	37,509,988	43,204,296	(5,694,308)	86.8%	17,084,195	(33.3%)
7/1/2010	39,514,943	47,147,722	(7,632,779)	83.8%	17,046,486	(44.8%)
7/1/2011	41,523,968	50,051,354	(8,527,386)	83.0%	17,638,068	(48.3%)
7/1/2012	43,200,756	52,306,307	(9,105,551)	82.6%	19,064,620	(47.8%)
7/1/2013	43,846,466	55,128,628	(11,282,162)	79.5%	18,130,859	(62.2%)
7/1/2014	48,042,516	57,654,950	(9,612,434)	83.3%	18,361,947	(52.3%)
7/1/2015	52,154,417	64,111,913	(11,957,496)	81.3%	18,793,828	(63.6%)
7/1/2016	55,437,801	67,054,554	(11,616,753)	82.7%	18,714,717	(62.1%)

## ***Pension Contributions***

<b><i>Year Ended June 30</i></b>	<b><i>Annual Required Contribution</i></b>	<b><i>Actual Contribution</i></b>	<b><i>Percentage Funded</i></b>
2008	\$ 1,641,640	\$1,672,693	102%
2009	1,641,640	1,800,670	110%
2010	1,782,241	2,021,513	113%
2011	1,993,893	1,976,967	99%
2012	1,955,423	2,193,073	112%
2013	2,177,285	2,198,729	101%
2014	2,348,968	2,466,641	105%
2015	2,450,105	2,327,020	95%
2016	2,303,221	2,746,760	119%
2017 <sup>1</sup>	2,746,760	2,746,760	100%

<sup>1</sup> *Budgeted numbers. Subject to audit.*

### ***State of Connecticut Teachers' Retirement System***

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes as presently written, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2016, plan members of the Town contributed \$2,230,512 to the plan and covered payroll for the year was \$30,765,683.

Connecticut Governor Dannel P. Malloy's proposed State Budget shifts approximately one-third of annual teacher pension costs to towns. If adopted the proposal would add to the Town's budget. See "Budget Procedure" herein.

The Town has recognized on-behalf payments of \$7,516,056 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State. The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$77.952 million or approximately 0.71% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### ***Deferred Compensation Plan***

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, the Town has no liability for losses under the plan. Therefore, the accounts of the deferred compensation plan are not reported in the basic financial statements of the Town.

### ***Awards Program***

The Town, in collaboration with the volunteer firefighters and ambulance organizations that serve the Town, has established a revocable trust fund (the "Firefighters Reward Program Fund") to accumulate awards for the benefit of the organizations' members. Members generally become eligible to participate in the awards program upon completion of one year of continuous service. The contribution requirements of the Town are established and may be amended by the Boards governing each organization, with approval by the Town Council. The Town generally contributes \$300 annually to the fund on-behalf of each active participant. Participants become fully vested in the awards program upon completion of 10 years of service, upon death or upon becoming disabled. The Town Director of Finance serves as the administrator of the awards program and, accordingly, the Town has reported the Firefighters Reward Program Fund as an agency fund in the accompanying financial statements. During the year ended June 30, 2016, the Town contributed \$44,473 to the fund for awards earned by participants for the fiscal 2015 service year.

For more information regarding the Town's Pension Plans, including statistics, assumptions and funding levels see "Note K – Employee Retirement Plans".

### ***Other Post-Employment Benefits***

*Plan Description* - The Town administers an Other Post-Employment Benefits Plan (the "Plan"), which is a single-employer defined benefit healthcare plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members, as well as certain life insurance benefits. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Contribution requirements of the plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the unions. Retired program members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums. Currently, the Town contributes the following for various classes of employees covered:

*Board of Education Teachers:* Teachers retiring under the Connecticut State Teachers Retirement system are eligible to receive health benefits for self and spouse. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age. Individuals receiving benefits contribute 100% of their premium costs.

*Police:* Police Officers who retire under the Town's pension plan with at least 25 years of service, shall be eligible to continue receiving health benefits for self and spouse. All retirees under the age of 65 are required to contribute 100% of their premium costs. Individuals receiving benefits contribute 10% of their premium costs.

The Town has complied with the requirements of Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements.

According to the Town's actuarial valuation as of June 30, 2015, assuming pre-funding, the Town and Board of Education's accrued liability is \$11,099,078. The valuation determined that for the fiscal year ending June 30, 2016 the actuarially required contribution would be \$1,041,980, assuming a 30-year level percent amortization of the unfunded liability. The balance in the trust fund as of June 30, 2016 was \$230,924.

### *Annual OPEB Cost*

<b>Year Ended June 30</b>	<b>Annual OPEB Cost (a)</b>	<b>Total Contribution (b)</b>	<b>Percentage of Annual OPEB Cost Contribution (b/a)</b>	<b>Net OPEB Obligation</b>
2012	\$ 1,190,474	\$ 1,041,000	87.4%	\$ 1,143,812
2013	1,135,698	623,415	54.9%	1,656,095
2014	1,142,966	575,764	50.4%	2,223,297
2015	1,071,368	817,857	76.3%	2,476,808
2016	1,062,359	648,167	61.0%	2,891,000

### *Funding Status and Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>
7/1/2010	\$ -	\$ 12,899,000	\$(12,899,000)	0.0%
7/1/2012	235,000	11,987,076	(11,752,076)	2.0%
7/1/2014	230,924	11,099,078	(10,868,154)	2.1%

For more information regarding the Town's OPEB including statistics, assumptions and funding levels see "Note M – Other Post-Employment Benefits (OPEB)".

### *Investment Policy*

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 does 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 Pension Trust Fund operates under a trust agreement, and investments are allowed in fixed-income securities; e.g., notes, bills, bonds and insurance contracts. Investments in the Deferred Compensation Plan held by ICMA are in various mutual funds.

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

**General Fund Revenues and Expenditures  
and Adopted Budgets (Budgetary Basis)**

	<i>Budget <sup>1</sup></i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<b>Revenues:</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Property Taxes .....	\$ 77,023,300	\$ 78,014,253	\$ 77,087,601	\$ 74,688,984	\$ 72,459,370	\$ 70,524,083
Intergovernmental .....	16,917,791	24,998,442	24,240,229	24,262,031	23,289,243	22,747,545
Charges for Services.....	2,911,181	4,659,038	4,733,204	4,498,646	4,431,448	4,713,044
Income on Investments.....	40,000	78,099	43,882	39,668	43,081	34,371
Other Revenues.....	300,000	-	-	-	-	-
<b>Total Revenues .....</b>	<b>97,192,272</b>	<b>107,749,832</b>	<b>106,104,916</b>	<b>103,489,329</b>	<b>100,223,142</b>	<b>98,019,043</b>
<b>Expenditures:</b>						
General government .....	13,607,911	10,918,135	11,210,606	10,732,936	10,247,670	10,254,674
Public Safety .....	6,539,597	6,822,321	6,498,306	6,716,445	6,278,608	6,288,514
Public Works .....	5,367,710	5,248,878	5,525,950	5,035,485	4,985,714	6,421,227
Health and Welfare .....	2,365,105	2,661,044	2,538,926	2,508,706	2,494,697	2,510,539
Debt Service .....	7,252,317	5,293,159	5,413,962	5,579,182	5,948,748	6,116,802
Capital Outlays .....	1,638,276	2,845,047	2,260,382	2,791,318	1,798,427	2,036,499
Education .....	61,686,660	70,948,347	68,604,228	66,335,339	63,309,161	64,012,160
Culture & Recreation.....	1,379,696	1,379,862	1,329,489	1,310,579	1,276,312	1,199,988
<b>Total Expenditures .....</b>	<b>99,837,272</b>	<b>106,116,793</b>	<b>103,381,849</b>	<b>101,009,990</b>	<b>96,339,337</b>	<b>98,840,403</b>
Revenues over (under) expenditures .....	(2,645,000)	1,633,039	2,723,067	2,479,339	3,883,805	(821,360)
<b>Other Financing Sources Uses:</b>						
Capital Lease Financing.....	-	998,531	852,865	1,801,702	559,646	484,673
Premium on Bond Anticipation Notes.....	100,000	90,251	62,824	125,437	-	-
Transfers In .....	2,545,000	1,188,500	924,007	1,276,240	1,156,995	1,481,147
Transfers (Out) .....	-	(3,684,948)	(2,947,966)	(3,558,949)	(1,767,040)	(1,399,212)
<b>Total other Financing Sources (uses) ...</b>	<b>2,645,000</b>	<b>(1,407,666)</b>	<b>(1,108,270)</b>	<b>(355,570)</b>	<b>(50,399)</b>	<b>566,608</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>	<b>-</b>	<b>225,373</b>	<b>1,614,797</b>	<b>2,123,769</b>	<b>3,833,406</b>	<b>(254,752)</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>21,351,121</b>	<b>21,125,747</b>	<b>19,510,950</b>	<b>17,387,181</b>	<b>13,553,775</b>	<b>13,924,336</b>
<b>Adjustments to Fund Balance.....</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(115,809)</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 21,351,121</b>	<b>\$ 21,351,121</b>	<b>\$ 21,125,747</b>	<b>\$ 19,510,950</b>	<b>\$ 17,387,181</b>	<b>\$ 13,553,775</b>

<sup>1</sup> Budgeted numbers. Subject to audit.

**Intergovernmental Revenues**

<i>Fiscal Year</i>	<i>Intergovernmental</i>	<i>Total</i>	
<i>Ended 6/30</i>	<i>Revenues</i>	<i>Revenues</i>	<i>Percent</i>
2017 <sup>1</sup>	\$ 16,917,791	\$ 97,192,272	17.41%
2016	24,998,442	107,749,832	23.20%
2015	24,240,229	106,104,916	22.85%
2014	24,262,031	103,489,329	23.44%
2013	23,289,243	100,223,142	23.24%
2012	22,747,545	98,019,043	23.21%
2011	21,043,666	94,662,944	22.23%
2010	19,563,915	92,228,186	21.21%
2009	21,327,588	93,181,501	22.89%

Source: Annual Audited Financial Statements.

<sup>1</sup> Budgeted numbers. Subject to audit.

### Comparative General Fund Balance Sheet

	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Actual 2013-14</b>	<b>Actual 2012-13</b>	<b>Actual 2011-12</b>
<b>Assets:</b>					
Cash and cash equivalents.....	\$ 21,244,943	\$ 21,318,493	\$ 18,860,912	\$ 17,924,283	\$ 15,336,759
Receivables:					
Property Taxes & Interest.....	2,033,675	2,114,753	2,782,230	2,983,041	2,712,060
Intergovernmental.....	42,641	72,762	31,093	290,854	877,573
Other Receivables.....	198,533	275,453	331,799	339,807	629,609
Inventories.....	33,442	32,559	32,753	32,856	34,105
Due from other funds.....	6,304,230	5,447,001	4,387,513	3,641,172	3,853,079
Other Assets.....	-	-	-	-	-
Prepaid Expenses.....	-	-	-	-	-
<b>Total Assets</b> .....	<b>29,857,464</b>	<b>29,261,021</b>	<b>26,426,300</b>	<b>25,212,013</b>	<b>23,443,185</b>
<b>Liabilities:</b>					
Accounts and Other Payables.....	2,901,193	804,953	779,966	899,426	1,023,327
Due to other funds.....	2,409,192	4,320,220	2,821,007	3,242,030	5,373,636
Deferred Revenues.....	406,486	-	-	3,303,798	2,912,254
Other Liabilities.....	50,165	51,498	70,670	-	235,394
Unearned Revenue.....	-	723,320	301,068	-	-
Accrued Employee Benefits.....	993,626	533,220	407,175	379,578	344,799
<b>Total Liabilities</b> .....	<b>6,760,662</b>	<b>6,433,211</b>	<b>4,379,886</b>	<b>7,824,832</b>	<b>9,889,410</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - propoerty taxes.....	1,745,681	1,702,062	2,535,463	-	-
Advance Property Tax Collections.....	-	-	-	-	-
<b>Total Deferred Inflows of Resources...</b>	<b>1,745,681</b>	<b>1,702,062</b>	<b>2,535,463</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable.....	33,442	32,559	32,753	32,856	34,105
Committed.....	450,879	316,547	141,312	434,411	179,109
Assigned.....	2,986,781	3,015,383	3,570,118	2,102,753	1,441,711
Unassigned.....	17,880,019	17,761,259	15,766,768	14,817,161	11,898,850
<b>Total Fund Balances</b> .....	<b>\$ 21,351,121</b>	<b>\$ 21,125,748</b>	<b>\$ 19,510,951</b>	<b>\$ 17,387,181</b>	<b>\$ 13,553,775</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> .....	<b>\$ 29,857,464</b>	<b>\$ 29,261,021</b>	<b>\$ 26,426,300</b>	<b>\$ 25,212,013</b>	<b>\$ 23,443,185</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 107,749,832	\$ 106,104,916	\$ 103,489,329	\$ 100,223,142	\$ 98,019,043
Fund balance as a percent of operating revenues .....	19.82%	19.91%	18.85%	17.35%	13.83%
Unassigned fund balance as a percent of operating revenues .....	16.59%	16.74%	15.24%	14.78%	12.14%

## **VII. Legal and Other Information**

### ***Litigation***

The Town of New Milford, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, land use appeals and various other miscellaneous claims both insured and uninsured. Upon review of certain of those pending matters, it is the Town Attorney's opinion that except as provided below such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

In the case of Town of New Milford v. Standard Demolition Services, Inc. ("SDS"), in response to a lawsuit filed by the Town for breach of contract Standard Demolition Services ("SDS") filed a \$1.5 million counter claim for damages as well as unspecified damages. The Town is vigorously defending the SDS counterclaim and prosecuting its own claim. Under Connecticut law the Town is empowered to authorize bonds to finance adverse judgments.

It is the Town Attorney's opinion that the risks of any final judgment against the Town in the SDS litigation that would exceed \$1.5 million is exceedingly remote. More likely, the Town will obtain a judgment against SDS. Accordingly, it is the Town Attorney's opinion that the pending SDS litigation and any adverse judgment arising therefrom will have no material adverse effect on the Town's ability to provide governmental services, on the Town's financial position, on the Town's procedural ability to issue the Bonds or Notes, or its ability to levy and collect taxes to pay the obligations.

In addition, it is the Town Attorney's opinion that there are no lawsuits, administrative proceedings or other claims that have been threatened or commenced against the Town which, together with the pending lawsuits and claims referred to above, that would have a material adverse effect on the Town's financial position.

In addition, it is the Town Attorney's opinion that there is no threatened or pending proceeding or litigation seeking to enjoin the issuance of the Bonds or Notes or challenging their validity, due authorization or the Town's authority to levy and collect taxes to pay the obligations.

### ***Documents Furnished At Delivery***

The original purchasers of the Bonds and Notes will be furnished the following documentation when the Bonds and Notes are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the Mayor and the Director of Finance which will be dated the date of delivery, which will certify, to the best of said officials' knowledge and belief, that at the time bids on the Bonds and Notes were accepted the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and Notes.
4. The approving opinions of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, substantially in the forms of Appendices B-1 and B-2 attached hereto.
5. Executed Continuing Disclosure Agreements for the Bonds and Notes in substantially the forms of Appendix C-1 and C-2 attached hereto.
6. The Issuer will provide to the winning bidder of the Bonds 25 copies of the Official Statement and to the winning bidder of the Notes 5 copies of the Official Statement, prepared for this Bond and Note issue at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds and Notes.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of the Certifying Agent, U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103 and may be examined upon reasonable request.

### ***Concluding Statement***

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

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

#### ***TOWN OF NEW MILFORD, CONNECTICUT***

By: /S/ *David R. Gronbach*  
DAVID R. GRONBACH, *Mayor*

By: /S/ *W. Lee Palmer*  
W. LEE PALMER, *Director of Finance*

Dated: April 11, 2017

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## ***Appendix A***

### ***2016 Financial Statements Excerpted from the Town's Annual Financial Report & Internal Control Letter***

The following includes excerpts from the General Purpose Financial Statements & Internal Control Letter of the Town of New Milford, Connecticut for the fiscal year ended June 30, 2016. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the Board of Finance  
Town of New Milford, Connecticut

### **Report on the Financial Statements**

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 (the "Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and the schedules on the Town's pension and other post-employment benefit plans on pages 65 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

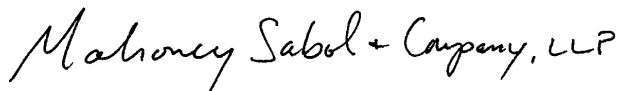
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules on pages 69 through 94 and the other supplementary information on pages 95 through 99 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
February 23, 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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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, 2016.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$171,668,343 (net position). Of this amount, \$39,227,308 represents the Town's unrestricted net position.
- The Town's total net position decreased by \$267,882 during the current fiscal year, which consisted of a current year decrease of \$2,923,469 relating to the Town's governmental activities and an increase of \$2,655,587 relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$23,957,576, a current year decrease of \$5,289,223 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$17,880,019 or 16.3% of total General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.0 months of General Fund operating expenditures.

**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 position presents information on all of the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these other elements. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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

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**Overview of the Financial Statements (Continued)**

**Government-wide Financial Statements (Continued)**

Both of 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 activities such as: general government, public safety, public works, health and welfare, library, culture and recreation, and education. The business-type activities of the Town include the activities of the Water Pollution Control Authority.

The government-wide financial statements can be found on pages 17 and 18 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 several 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 Police Communications II Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental 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 pages 19 through 24 of this report.

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

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**Overview of the Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

***Proprietary Funds***

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

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 risk management activities. Because this service predominantly 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 pages 25 through 27 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 accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28 and 29 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 30 through 64 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 65 through 68 and 69 through 94 of this report, respectively. Other supplementary information can be found on pages 95 through 99 of this report.

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

**Government-wide Financial Analysis**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$171,668,343 and \$171,936,225 as of June 30, 2016 and 2015 and are summarized as follows:

**Net Position  
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 71,505,885	\$ 4,539,111	\$ 76,044,996
Capital assets	132,674,316	40,515,502	173,189,818
Total assets	204,180,201	45,054,613	249,234,814
Deferred outflows of resources	6,765,487	276,558	7,042,045
Other liabilities	21,906,938	321,969	22,228,907
Long-term liabilities	38,189,933	22,395,582	60,585,515
Total liabilities	60,096,871	22,717,551	82,814,422
Deferred inflows of resources	1,722,330	71,764	1,794,094
Net position:			
Net investment in capital assets	104,318,070	18,861,587	123,179,657
Restricted	9,261,378	-	9,261,378
Unrestricted	35,547,039	3,680,269	39,227,308
Total net position	\$ 149,126,487	\$ 22,541,856	\$ 171,668,343

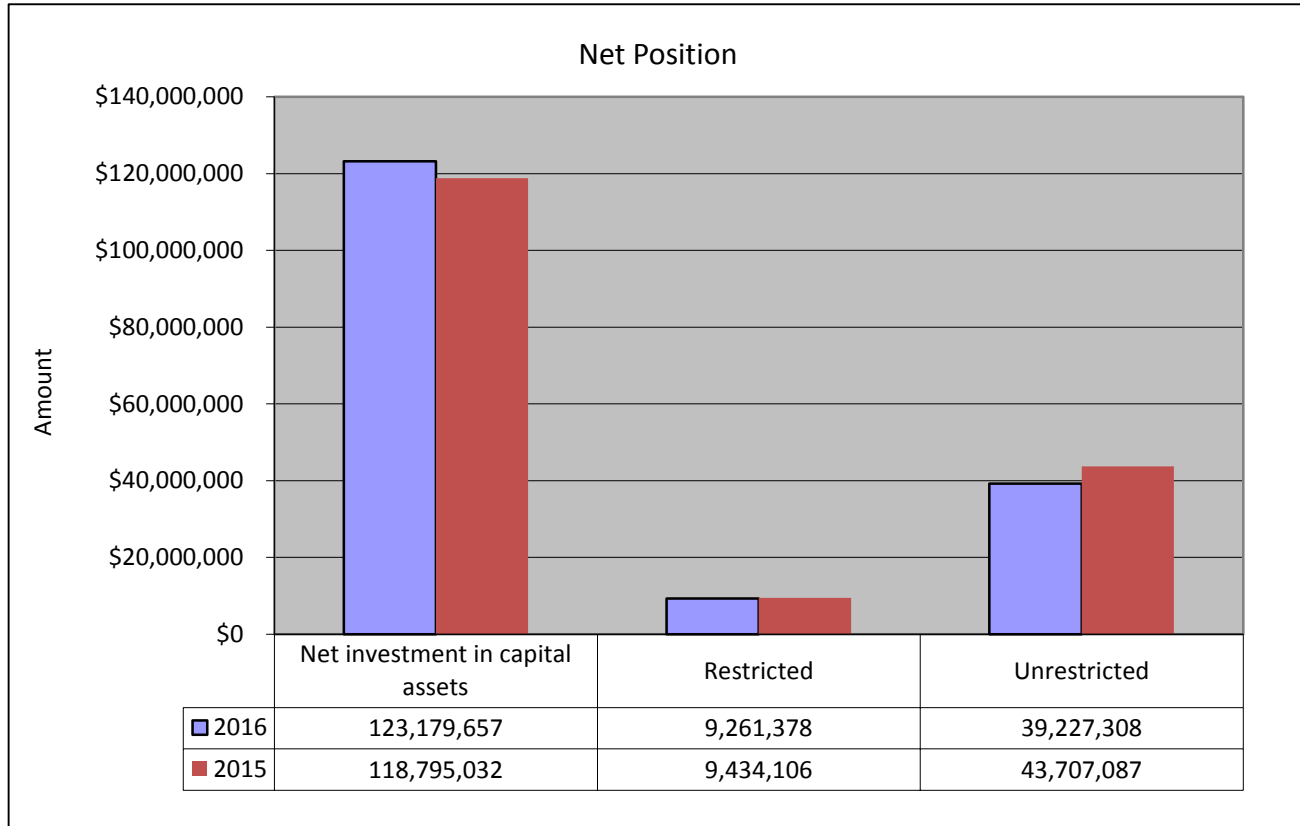
**Net Position  
June 30, 2015**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 72,605,665	\$ 2,317,517	\$ 74,923,182
Capital assets	129,627,717	41,428,957	171,056,674
Total assets	202,233,382	43,746,474	245,979,856
Deferred outflows of resources	4,492,871	198,780	4,691,651
Other liabilities	14,497,229	279,673	14,776,902
Long-term liabilities	37,734,068	23,665,638	61,399,706
Total liabilities	52,231,297	23,945,311	76,176,608
Deferred inflows of resources	2,445,000	113,674	2,558,674
Net position:			
Net investment in capital assets	100,392,837	18,402,195	118,795,032
Restricted	9,434,106	-	9,434,106
Unrestricted	42,223,013	1,484,074	43,707,087
Total net position	\$ 152,049,956	\$ 19,886,269	\$ 171,936,225

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

**Government-wide Financial Analysis (Continued)**

**Net Position (Continued)**



As of June 30, 2016, 71.8% of the Town's net position reflects 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.

5.4% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

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

Overall, net position decreased during the current year by \$267,882 in comparison with the prior year.

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

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2016 and 2015 are as follows.

**Changes in Net Position  
For The Year Ended June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 9,074,125	\$ 2,655,421	\$ 11,729,546
Operating grants and contributions	22,688,544	-	22,688,544
Capital grants and contributions	3,806,351	-	3,806,351
General revenues:			
Property taxes, levied for general purposes	78,057,872	-	78,057,872
Grants and contributions not restricted to specific programs	480,073	-	480,073
Investment earnings	111,744	68,294	180,038
Total revenues	<u>114,218,709</u>	<u>2,723,715</u>	<u>116,942,424</u>
<b>Expenses</b>			
General government	11,854,893	-	11,854,893
Public safety	8,047,636	-	8,047,636
Public works	8,724,058	-	8,724,058
Health and welfare	2,810,573	-	2,810,573
Library	1,012,947	-	1,012,947
Culture and recreation	1,600,138	-	1,600,138
Education	79,158,653	-	79,158,653
Interest expense	602,680	502,375	1,105,055
Sewer	-	2,896,353	2,896,353
Total expenses	<u>113,811,578</u>	<u>3,398,728</u>	<u>117,210,306</u>
Change in net position before transfers	407,131	(675,013)	(267,882)
Transfers	<u>(3,330,600)</u>	<u>3,330,600</u>	<u>-</u>
Change in net position	<u>\$ (2,923,469)</u>	<u>\$ 2,655,587</u>	<u>\$ (267,882)</u>

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

**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

**Changes in Net Position**  
**For The Year Ended June 30, 2015**

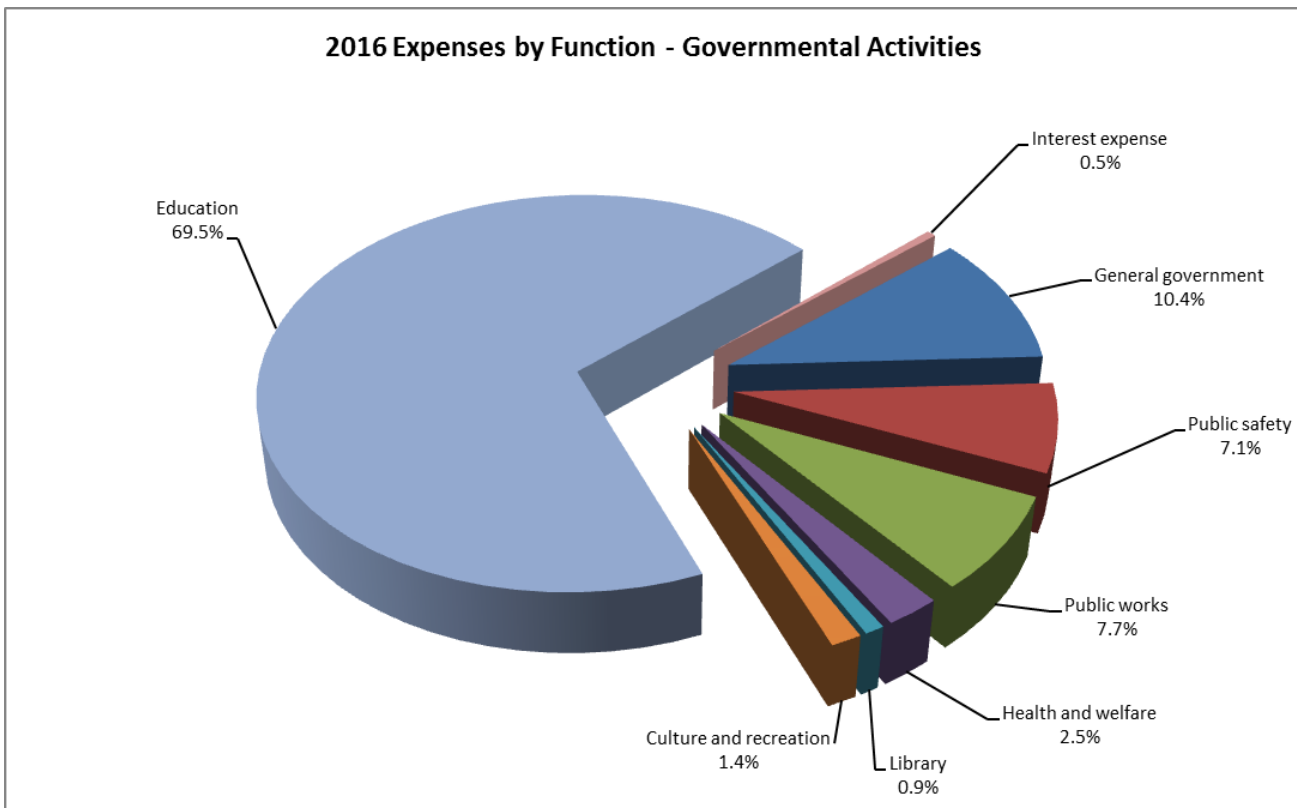
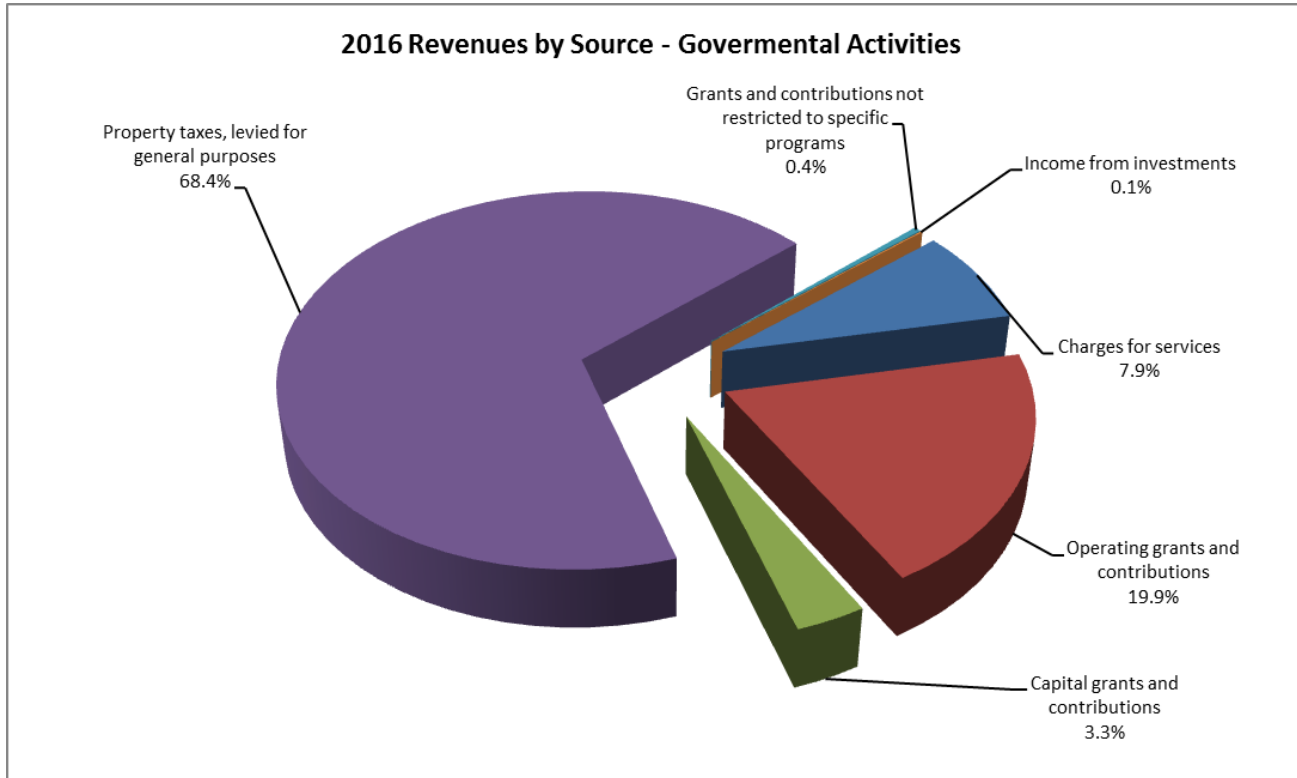
	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 10,045,327	\$ 2,137,844	\$ 12,183,171
Operating grants and contributions	22,928,468	-	22,928,468
Capital grants and contributions	2,268,059	-	2,268,059
General revenues:			
Property taxes, levied for general purposes	76,254,200	-	76,254,200
Grants and contributions not restricted to specific programs	527,577	-	527,577
Investment earnings	111,074	70,248	181,322
Total revenues	<u>112,134,705</u>	<u>2,208,092</u>	<u>114,342,797</u>
<b>Expenses</b>			
General government	12,805,752	-	12,805,752
Public safety	7,796,860	-	7,796,860
Public works	9,467,216	-	9,467,216
Health and welfare	2,803,452	-	2,803,452
Library	1,054,020	-	1,054,020
Culture and recreation	1,655,802	-	1,655,802
Education	79,542,105	-	79,542,105
Interest expense	935,808	539,626	1,475,434
Sewer	-	2,992,554	2,992,554
Total expenses	<u>116,061,015</u>	<u>3,532,180</u>	<u>119,593,195</u>
Change in net position	<u>\$ (3,926,310)</u>	<u>\$ (1,324,088)</u>	<u>\$ (5,250,398)</u>

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

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**



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

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

***Governmental Activities***

Governmental activities decreased the Town's net position by a current year change of \$2,923,469. The decrease is primarily attributed to a net transfer out of \$3,330,600 to the Water Pollution Control Authority. The transfer out consisted of a transfer of unspent sewer project funds in the amount of \$1,773,930 used by the Water Pollution Control Authority to reduce amounts previously advanced by the governmental activities for debt service and a transfer of \$1,586,670 to fund a portion of the current year debt service requirements of the Water Pollution Control Authority.

***Business-type Activities***

Business-type activities increased the Town's net position by a current year change of \$2,655,587. The increase is primarily attributed to the net transfer in of \$3,330,600 from the governmental activities, as previously discussed.

**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, unassigned 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 a combined ending fund balance of \$23,957,576.

**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 General Fund was \$17,880,019. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.3% of total General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.0 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$225,373 during the current fiscal year, which was primarily due to favorable revenue and expenditure variances within the General Fund budget.

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

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**Financial Analysis of the Town's Funds (Continued)**

**Waste Management Fund**

The fund balance of the Waste Management Fund increased by \$824,643 during the current fiscal year. This increase was primarily due to proceeds received related to a long-term settlement receivable offset by transfers to the General Fund.

**Police Communications II Fund**

The fund balance of the Police Communications II Fund increased by \$161,409 during the current fiscal year. The increase was primarily attributable to the \$182,000 transfer in to pay down a portion of the outstanding bond anticipation notes. The fund balance as of June 30, 2016 was a deficit of \$3,447,980 and is expected to be funded by future permanent financing sources.

**Capital Projects Fund**

The fund balance of the Capital Projects Fund decreased by \$4,535,920 during the current fiscal year. The decrease was primarily attributable to capital outlay expenditures related to the Schaghticoke Middle School roof and the installation of the synthetic turf field at the High School. The current year capital outlays were funded by the issuances of bond anticipation notes. The fund balance as of June 30, 2016 was a deficit of \$4,535,920 and is expected to be funded by future permanent financing sources.

**General Fund Budgetary Highlights**

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,750,814. Expenditures were \$1,737,382 less than budgeted. Total budgetary revenues were \$987,805 more than expected, primarily due to unbudgeted police private duty revenues. During the year ended June 30, 2016, the Town Council approved additional appropriations of \$1,228,994 from fund balance.

**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, 2016 totaled \$173,189,818 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, land improvements, and machinery and equipment. The total decrease in the Town's investment in capital assets for the current fiscal year was approximately \$2.1 million or 1.2%. This decrease was primarily comprised of depreciation and amortization on capital assets of approximately \$7.0 million, offset by current year capital asset additions of approximately \$9.2 million. Significant capital events during the current fiscal year included the following:

- Outlays for various road and bridge construction projects of approximately \$1.183 million
- Outlays pertaining to Village Center streetscape project of approximately \$448 thousand
- Outlays pertaining to the synthetic turf field project of approximately \$3.460 million
- Outlays pertaining to the Schaghticoke Middle School roof project of approximately \$1.075 million
- Outlays of leased equipment and vehicles of approximately \$1.031 million
- Outlays for the acquisition of equipment by the Board of Education of approximately \$945 thousand

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

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

**Town of New Milford, Connecticut**

**Capital Assets, Net**

**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Land	\$ 16,778,689	\$ 5,000	\$ 16,783,689
Construction in progress	6,182,727	520,467	6,703,194
Buildings and improvements	57,420,032	27,030,103	84,450,135
Infrastructure	41,173,745	7,637,927	48,811,672
Land improvements	590,404	-	590,404
Machinery and equipment	10,528,719	5,322,005	15,850,724
Totals	<u>\$ 132,674,316</u>	<u>\$ 40,515,502</u>	<u>\$ 173,189,818</u>

**Capital Assets, Net**

**June 30, 2015**

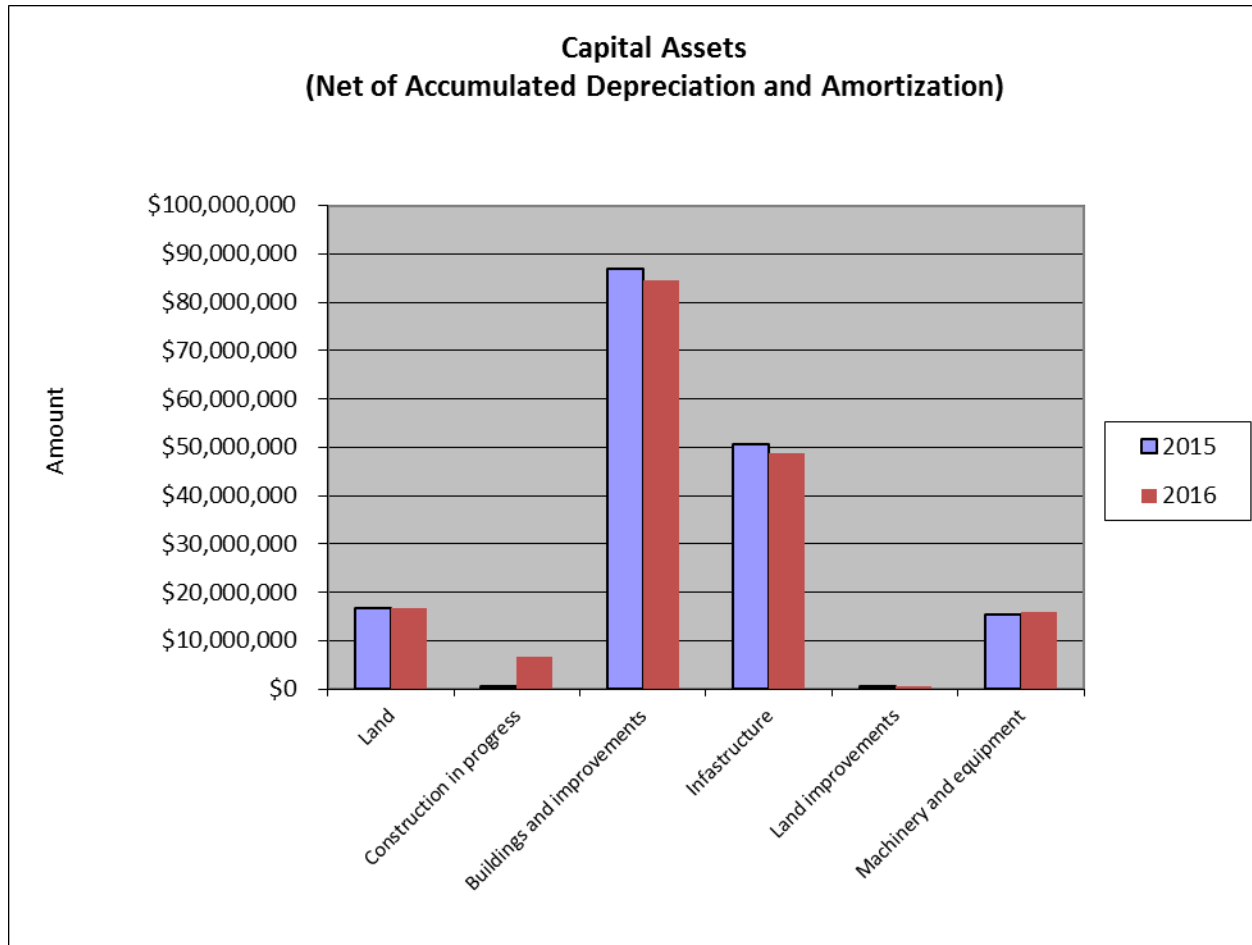
	Governmental Activities	Business-type Activities	Total
Land	\$ 16,778,689	\$ 5,000	\$ 16,783,689
Construction in progress	359,783	383,262	743,045
Buildings and improvements	59,254,365	27,635,746	86,890,111
Infrastructure	42,764,022	7,824,655	50,588,677
Land improvements	535,713	-	535,713
Machinery and equipment	9,935,145	5,580,294	15,515,439
Totals	<u>\$ 129,627,717</u>	<u>\$ 41,428,957</u>	<u>\$ 171,056,674</u>

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

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in Note E of this report.

**Debt Administration**

At the end of the current fiscal year, the Town had total long-term and short-term bonds and notes payable of \$49,516,743. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$384,345 or 0.8% during the current fiscal year primarily due to the payment of scheduled debt service on outstanding general obligation bonds offset by the issuance of additional bond anticipation notes in the amount of \$4,700,000.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$547,300,432, which is in excess of the Town's outstanding general obligation debt.

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

**Capital Asset and Debt Administration (Continued)**

**Debt Administration (Continued)**

The following are tables of bonded debt as of June 30, 2016 and 2015:

**Town of New Milford, Connecticut**

**Bonded Debt**

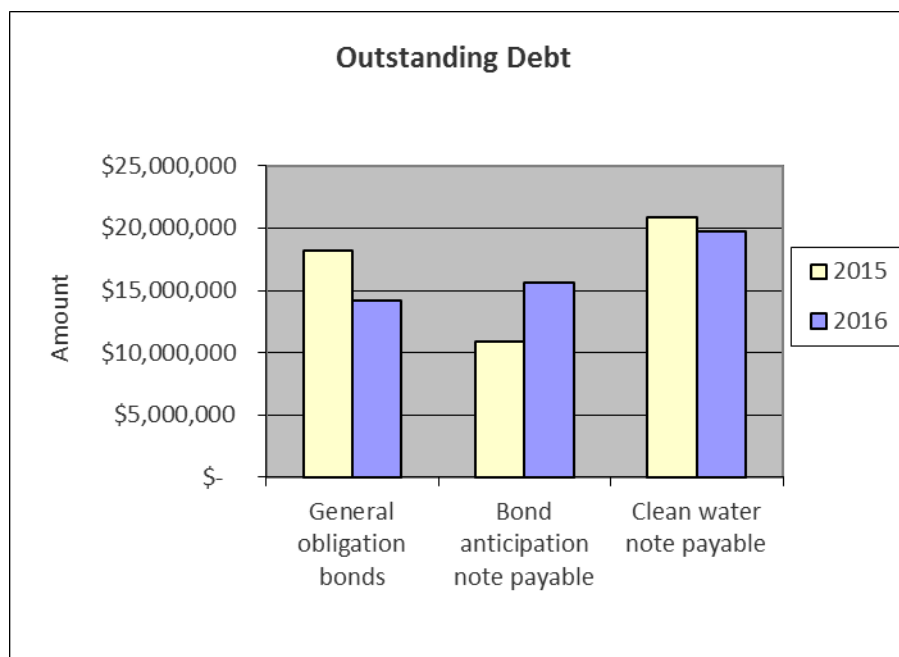
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 12,257,828	\$ 1,947,172	\$ 14,205,000
Bond anticipation notes	15,605,000	-	15,605,000
Clean water note	-	19,706,743	19,706,743
Totals	<u>\$ 27,862,828</u>	<u>\$ 21,653,915</u>	<u>\$ 49,516,743</u>

**Bonded Debt**

**June 30, 2015**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 15,936,157	\$ 2,223,843	\$ 18,160,000
Bond anticipation notes	10,905,000	-	10,905,000
Clean water note	33,169	20,802,919	20,836,088
Totals	<u>\$ 26,874,326</u>	<u>\$ 23,026,762</u>	<u>\$ 49,901,088</u>



Additional information on the Town's long-term debt can be found in Note I and Note J of this report.

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

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**Economic Factors and Next Year's Budget and Rates**

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

- The unemployment rate for the Town as of June 2016 was 5.0%, which compared favorably to the state's average unemployment rate of 5.8% and unfavorably to the national unemployment rate of 4.9%.
- Unassigned fund balance of the General Fund totaled \$17,880,019 at June 30, 2016.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2017, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State. 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 2017 and thereafter.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2017.

**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, Connecticut 06776.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF NEW MILFORD, CONNECTICUT**

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,152,154	\$ 3,158,787	\$ 47,310,941
Investments	1,688,519	-	1,688,519
Receivables:			
Property taxes and interest, net	2,033,675	-	2,033,675
Grants and contracts	1,880,012	-	1,880,012
Settlement	2,700,000	-	2,700,000
Sewer usage charges	-	149,337	149,337
Assessments and connection fees	-	346,448	346,448
Other	250,177	-	250,177
Other	48,171	67,496	115,667
Noncurrent assets:			
Receivables:			
Assessments and connection fees	-	2,711,122	2,711,122
Grants and contracts	659,098	-	659,098
Settlement	16,200,000	-	16,200,000
Internal balances	1,894,079	(1,894,079)	-
Capital assets:			
Non-depreciable	22,961,416	525,467	23,486,883
Depreciable, net	109,712,900	39,990,035	149,702,935
Total assets	<u>204,180,201</u>	<u>45,054,613</u>	<u>249,234,814</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension expense	6,637,402	276,558	6,913,960
Deferred charges on refunding	128,085	-	128,085
	<u>6,765,487</u>	<u>276,558</u>	<u>7,042,045</u>
<b>LIABILITIES</b>			
Accounts payable	3,541,958	92,763	3,634,721
Accrued liabilities	2,276,592	229,206	2,505,798
Unearned revenue	483,388	-	483,388
Bond anticipation notes payable	15,605,000	-	15,605,000
Noncurrent liabilities:			
Due within one year	4,871,845	1,295,059	6,166,904
Due in more than one year	33,318,088	21,100,523	54,418,611
Total liabilities	<u>60,096,871</u>	<u>22,717,551</u>	<u>82,814,422</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension benefit	<u>1,722,330</u>	<u>71,764</u>	<u>1,794,094</u>
<b>NET POSITION</b>			
Net investment in capital assets	104,318,070	18,861,587	123,179,657
Restricted for:			
Capital purposes - enabling legislation	9,062,980	-	9,062,980
Other purposes	198,398	-	198,398
Unrestricted	35,547,039	3,680,269	39,227,308
Total net position	<u>\$ 149,126,487</u>	<u>\$ 22,541,856</u>	<u>\$ 171,668,343</u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 11,854,893	\$ 1,624,183	\$ 67,527	\$ -	\$ (10,163,183)	\$ -	\$ (10,163,183)
Public safety	8,047,636	795,688	47,067	-	(7,204,881)	-	(7,204,881)
Public works	8,724,058	391,998	164	2,755,532	(5,576,364)	-	(5,576,364)
Health and welfare	2,810,573	137,000	413,206	-	(2,260,367)	-	(2,260,367)
Library	1,012,947	28,124	7,767	-	(977,056)	-	(977,056)
Culture and recreation	1,600,138	1,114,308	1,475	-	(484,355)	-	(484,355)
Education	79,158,653	4,982,824	22,151,338	1,050,819	(50,973,672)	-	(50,973,672)
Interest expense	602,680	-	-	-	(602,680)	-	(602,680)
Total governmental activities	113,811,578	9,074,125	22,688,544	3,806,351	(78,242,558)	-	(78,242,558)
Business-type activities:							
Sewer	3,398,728	2,655,421	-	-	-	(743,307)	(743,307)
Total primary government	\$ 117,210,306	\$ 11,729,546	\$ 22,688,544	\$ 3,806,351	(78,242,558)	(743,307)	(78,985,865)
General revenues:							
Property taxes, levied for general purposes					78,057,872	-	78,057,872
Grants and contributions not restricted to specific programs					480,073	-	480,073
Investment earnings					111,744	68,294	180,038
Total general revenues					78,649,689	68,294	78,717,983
		Change in net position before transfers			407,131	(675,013)	(267,882)
Transfers, net					(3,330,600)	3,330,600	-
		Change in net position			(2,923,469)	2,655,587	(267,882)
		Net position - beginning			152,049,956	19,886,269	171,936,225
		Net position - ending			\$ 149,126,487	\$ 22,541,856	\$ 171,668,343

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<b>General Fund</b>	<b>Waste Management Ordinance Fund</b>	<b>Police Communications II Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,244,943	\$ 10,070,123	\$ -	\$ 2,887,130	\$ 7,839,840	\$ 42,042,036
Investments	-	-	-	-	1,688,519	1,688,519
Receivables:						
Property taxes, net	1,653,262	-	-	-	-	1,653,262
Interest on property taxes, net	380,413	-	-	-	-	380,413
Intergovernmental	42,641	-	-	-	787,288	829,929
Other	198,533	-	2,783	-	48,861	250,177
Due from other funds	4,410,151	-	-	2,106	160,042	4,572,299
Advances to other funds	1,894,079	-	-	-	-	1,894,079
Other	33,442	-	-	-	14,729	48,171
Total assets	<u>\$ 29,857,464</u>	<u>\$ 10,070,123</u>	<u>\$ 2,783</u>	<u>\$ 2,889,236</u>	<u>\$ 10,539,279</u>	<u>\$ 53,358,885</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,901,193	\$ -	\$ -	\$ 577,586	\$ 63,179	\$ 3,541,958
Accrued liabilities:						
Salaries and benefits payable	993,626	-	-	-	-	993,626
Other	50,165	-	-	-	-	50,165
Due to other funds	2,409,192	145	2,763	747,570	3,821,821	6,981,491
Unearned revenue	406,486	-	-	-	76,902	483,388
Bond anticipation notes payable	-	-	3,448,000	6,100,000	6,057,000	15,605,000
Total liabilities	<u>6,760,662</u>	<u>145</u>	<u>3,450,763</u>	<u>7,425,156</u>	<u>10,018,902</u>	<u>27,655,628</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	<u>1,745,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,745,681</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Advances to other funds	1,894,079	-	-	-	-	1,894,079
Other	33,442	-	-	-	14,729	48,171
Restricted for:						
Capital purposes - enabling legislation	-	9,062,980	-	-	-	9,062,980
Capital purposes	-	-	20	1,564,080	488,525	2,052,625
Other purposes	-	-	-	-	198,398	198,398
Committed	450,879	-	-	-	5,933,325	6,384,204
Assigned	1,092,702	1,006,998	-	-	-	2,099,700
Unassigned	17,880,019	-	(3,448,000)	(6,100,000)	(6,114,600)	2,217,419
Total fund balances	<u>21,351,121</u>	<u>10,069,978</u>	<u>(3,447,980)</u>	<u>(4,535,920)</u>	<u>520,377</u>	<u>23,957,576</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,857,464</u>	<u>\$ 10,070,123</u>	<u>\$ 2,783</u>	<u>\$ 2,889,236</u>	<u>\$ 10,539,279</u>	<u>\$ 53,358,885</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Total fund balances for governmental funds		\$ 23,957,576
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		132,674,316
Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position.		4,915,072
Some of the Town's taxes and interest will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		1,745,681
Long-term receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the funds:		
School construction grant receivable	\$ 1,709,181	
Settlement receivable	18,900,000	
		20,609,181
Long-term liabilities and related amounts applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(237,001)	
Long-term debt:		
Bonds payable, net	(12,883,923)	
Deferred charges on refunding	128,085	
Other long-term liabilities:		
Capital lease obligations	(2,048,033)	
Compensated absences	(912,927)	
Pollution remediation obligation	(1,654,041)	
Net pension liability	(17,800,009)	
Net OPEB obligation	(2,891,000)	
Total long-term liabilities		(38,298,849)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities statement of net position.		3,523,510
Net position of governmental activities		\$ 149,126,487

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Waste Management Ordinance Fund</b>	<b>Police Communications II Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Property taxes	\$ 78,014,253	\$ -	\$ -	\$ -	\$ -	\$ 78,014,253
Intergovernmental	24,998,442	-	-	-	2,952,394	27,950,836
Charges for services	4,659,038	-	-	-	2,695,156	7,354,194
Investment earnings	78,099	25,277	6	-	8,362	111,744
Other	-	1,600,000	-	-	74,951	1,674,951
Total revenues	<u>107,749,832</u>	<u>1,625,277</u>	<u>6</u>	<u>-</u>	<u>5,730,863</u>	<u>115,105,978</u>
<b>EXPENDITURES</b>						
Current:						
General government	10,918,135	-	-	-	-	10,918,135
Public safety	6,822,321	-	-	-	21,624	6,843,945
Public works	5,248,878	-	-	-	-	5,248,878
Health and welfare	2,661,044	-	-	-	26,012	2,687,056
Library	-	-	-	-	1,001,687	1,001,687
Culture and recreation	1,379,862	-	-	-	833	1,380,695
Education	70,948,347	-	-	-	4,148,174	75,096,521
Debt service:						
Principal payments	4,533,382	-	-	-	-	4,533,382
Interest and fiscal charges	759,777	-	-	-	-	759,777
Capital outlays	2,845,047	2,134	20,597	4,535,920	2,279,609	9,683,307
Total expenditures	<u>106,116,793</u>	<u>2,134</u>	<u>20,597</u>	<u>4,535,920</u>	<u>7,477,939</u>	<u>118,153,383</u>
Excess (deficiency) of revenues over expenditures	1,633,039	1,623,143	(20,591)	(4,535,920)	(1,747,076)	(3,047,405)
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease financing	998,531	-	-	-	-	998,531
Premium on bond anticipation notes	90,251	-	-	-	-	90,251
Transfers in	1,188,500	-	182,000	-	2,629,844	4,000,344
Transfers out	(3,684,948)	(798,500)	-	-	(2,847,496)	(7,330,944)
Total other financing sources (uses)	<u>(1,407,666)</u>	<u>(798,500)</u>	<u>182,000</u>	<u>-</u>	<u>(217,652)</u>	<u>(2,241,818)</u>
Net change in fund balances	225,373	824,643	161,409	(4,535,920)	(1,964,728)	(5,289,223)
Fund balances - beginning	<u>21,125,748</u>	<u>9,245,335</u>	<u>(3,609,389)</u>	<u>-</u>	<u>2,485,105</u>	<u>29,246,799</u>
Fund balances - ending	<u>\$ 21,351,121</u>	<u>\$ 10,069,978</u>	<u>\$ (3,447,980)</u>	<u>\$ (4,535,920)</u>	<u>\$ 520,377</u>	<u>\$ 23,957,576</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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Net change in fund balances - total governmental funds	\$ (5,289,223)
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital additions exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 8,984,068	
Depreciation and amortization expense	<u>(5,868,651)</u>	
Net adjustment		3,115,417

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the funds.	(68,818)
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Certain revenues are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the receivable recognized in the government-wide statement of net position:

School construction grant receivable	(1,050,819)	
Settlement receivable	<u>(1,600,000)</u>	
		(2,650,819)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(998,531)	
Principal repayments:		
Bonds and note payable	3,711,498	
Capital lease financing	<u>819,720</u>	
Net adjustment		3,532,687

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.	3,084,525
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(Continued)

**TOWN OF NEW MILFORD, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES *(Continued)***  
**FOR THE YEAR ENDED JUNE 30, 2016**

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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$ 73,524	
Amortization of bond premiums	82,561	
Amortization of deferred charges on refunding	(89,239)	
Compensated absences	69,901	
Pollution remediation obligation	331,654	
Net OPEB obligation	(414,192)	
Net pension liability	<u>(4,058,476)</u>	
		\$ (4,004,267)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in unavailable revenues. 43,619

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities. (686,590)

Change in net position of governmental activities \$ (2,923,469)

**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, 2016**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>REVENUES</b>				
Property taxes	\$ 77,739,317	\$ 77,739,317	\$ 78,014,253	\$ 274,936
Licenses and permits	553,000	559,588	618,828	59,240
Intergovernmental	15,348,314	15,807,404	15,973,048	165,644
Charges for goods and services	3,530,109	3,589,599	4,040,210	450,611
Investment earnings	40,000	40,000	77,374	37,374
Total revenues	<u>97,210,740</u>	<u>97,735,908</u>	<u>98,723,713</u>	<u>987,805</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,801,428	11,574,298	10,918,430	(655,868)
Public safety	6,229,352	6,865,082	6,742,729	(122,353)
Public works	5,468,133	5,424,444	5,230,911	(193,533)
Health and welfare	2,350,901	2,447,750	2,338,558	(109,192)
Culture and recreation	1,467,331	1,501,560	1,360,692	(140,868)
Education	61,178,808	61,178,808	60,914,402	(264,406)
Debt service:				
Principal payments	6,483,843	6,483,843	6,484,344	501
Interest and fiscal charges	1,429,529	1,429,529	1,233,991	(195,538)
Capital outlays	1,626,966	2,734,394	2,678,269	(56,125)
Total expenditures	<u>98,036,291</u>	<u>99,639,708</u>	<u>97,902,326</u>	<u>(1,737,382)</u>
Excess (deficiency) of revenues over expenditures	(825,551)	(1,903,800)	821,387	2,725,187
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	-	1,228,994	-	(1,228,994)
Premium on bond anticipation notes	-	-	90,251	90,251
Cancellation of prior year encumbrances	-	-	170,040	170,040
Transfers in	2,088,500	2,188,500	2,188,500	-
Transfers out	(1,262,949)	(1,513,694)	(1,519,364)	(5,670)
Total other financing sources (uses)	<u>825,551</u>	<u>1,903,800</u>	<u>929,427</u>	<u>(974,373)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,750,814	<u>\$ 1,750,814</u>
Fund balance - beginning			<u>18,866,959</u>	
Fund balance - ending			<u>\$ 20,617,773</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<b>Business-type Activities Water Pollution Control Authority</b>	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,158,787	\$ 2,110,118
Receivables:		
Assessments	321,513	-
Sewer usage charges	149,337	-
Connection fees	24,935	-
Due from other funds	2,457,496	2,409,192
Inventories	67,496	-
Total current assets	<u>6,179,564</u>	<u>4,519,310</u>
Noncurrent assets:		
Receivables:		
Assessments	2,644,147	-
Connection fees	66,975	-
Capital assets:		
Non-depreciable	525,467	-
Depreciable, net	39,990,035	-
Total noncurrent assets	<u>43,226,624</u>	<u>-</u>
Total assets	<u>49,406,188</u>	<u>4,519,310</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension expense	<u>276,558</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	92,763	-
Accrued liabilities:		
Claims	-	995,800
Escrow deposits	156,164	-
Other	73,042	-
Due to other funds	2,457,496	-
Bonds and notes payable	1,295,059	-
Total current liabilities	<u>4,074,524</u>	<u>995,800</u>
Noncurrent liabilities:		
Advances from other fund	1,894,079	-
Bonds and notes payable	20,358,856	-
Net pension liability	741,667	-
Total non-current liabilities	<u>22,994,602</u>	<u>-</u>
Total liabilities	<u>27,069,126</u>	<u>995,800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension benefit	<u>71,764</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	18,861,587	-
Unrestricted	3,680,269	3,523,510
Total net position	<u>\$ 22,541,856</u>	<u>\$ 3,523,510</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water Pollution Control Authority</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 2,655,421	\$ 11,010,150
Total operating revenues	<u>2,655,421</u>	<u>11,010,150</u>
<b>OPERATING EXPENSES</b>		
Personnel services	564,502	-
Employee benefits	259,597	-
Utilities	231,879	-
Laboratory	18,165	-
Maintenance and repairs	134,332	-
Process expense	397,312	-
Administration, premiums and claims	147,033	11,696,740
Depreciation and amortization	<u>1,143,533</u>	<u>-</u>
Total operating expenses	<u>2,896,353</u>	<u>11,696,740</u>
Operating loss	(240,932)	(686,590)
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest income	68,294	-
Interest expense	<u>(502,375)</u>	<u>-</u>
Total non-operating expense, net	<u>(434,081)</u>	<u>-</u>
Change in net position before transfers	(675,013)	(686,590)
Transfers in	<u>3,330,600</u>	<u>-</u>
Change in net position	2,655,587	(686,590)
Net position - beginning	<u>19,886,269</u>	<u>4,210,100</u>
Net position - ending	<u>\$ 22,541,856</u>	<u>\$ 3,523,510</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-type Activities Water Pollution Control Authority</b>	<b>Governmental Activities Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for the following:		
Customers and users	\$ 3,085,800	\$ 12,921,178
Cash paid for the following:		
Operating activities	(1,670,483)	(11,681,940)
Net cash provided by operating activities	<u>1,415,317</u>	<u>1,239,238</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(230,078)	-
Interest paid on capital debt	(508,600)	-
Principal paid on capital debt	(1,374,289)	-
Interfund activities	873,104	-
Net cash used in capital and related financial activities	<u>(1,239,863)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>68,294</u>	<u>-</u>
Net increase in cash and cash equivalents	243,748	1,239,238
Cash and cash equivalents, beginning of year	2,915,039	870,880
Cash and cash equivalents, end of year	<u>\$ 3,158,787</u>	<u>\$ 2,110,118</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (240,932)	\$ (686,590)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	1,143,533	-
Pension expense	(16,897)	-
Changes in assets and liabilities:		
Decrease in receivables	430,379	-
Decrease in inventories	49,271	-
Increase in accounts payable	44,029	-
Increase in accrued liabilities	5,934	-
Decrease in interfund activities	-	1,911,028
Increase in claims payable	-	14,800
Net cash provided by operating activities	<u>\$ 1,415,317</u>	<u>\$ 1,239,238</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<b>Pension and Other Post- Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 669,018	\$ 68,703	\$ 3,018,032
Investments:			
Insurance contracts	50,489,097	-	-
Mutual funds	-	59,975	773,331
Corporate bonds	-	-	196,645
Common stock	-	17,888	-
Total assets	<u>51,158,115</u>	<u>146,566</u>	<u>\$ 3,988,008</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	\$ 553,456
Due to others	-	-	3,434,552
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 3,988,008</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 51,158,115</u>	<u>\$ 146,566</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF CHANGES**  
**IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Pension and Other Post- Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 2,327,020	\$ -
Plan members	316,739	-
Total contributions	<u>2,643,759</u>	<u>-</u>
Investment earnings:		
Interest and dividends	1,747	3,757
Net change in the fair value of investments	<u>1,036,461</u>	<u>3,503</u>
Total investment earnings	<u>1,038,208</u>	<u>7,260</u>
Total additions	<u>3,681,967</u>	<u>7,260</u>
<b>DEDUCTIONS</b>		
Benefit payments	2,984,259	700
Administrative expenses	<u>23,389</u>	<u>13</u>
Total deductions	<u>3,007,648</u>	<u>713</u>
Change in net position	674,319	6,547
Net position - beginning	<u>50,483,796</u>	<u>140,019</u>
Net position - ending	<u><u>\$ 51,158,115</u></u>	<u><u>\$ 146,566</u></u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of New Milford, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

**Financial Reporting Entity**

The Town of New Milford, Connecticut 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are in substance, part of the government's operations and therefore, data from these units are combined with data of the primary government. Based on these criteria, the New Milford Public Library has been included in the Town's financial statements as a blended component unit.

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

**General Fund** - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**Waste Management Ordinance Fund** - This fund is used to account for monies set aside pursuant to a Town ordinance for the acquisition of land and building for public recreation, public education, or public library facilities. In addition, the Town may apply an amount not to exceed 10.0% of the total fund balance available as of July 1 of each fiscal year towards the Town's annual General Fund budget. As such, \$9,062,980 has been presented as restricted for capital purposes pursuant to enabling legislation enacted by the Town. The major source of revenue for this fund is settlement proceeds from certain zoning violations relating to a municipal solid waste facility.

**Police Communications II Fund** - This fund is used to account for the expenditures incurred for emergency communication improvements. The appropriated funding was used to upgrade the communications system of the Town which broadened the coverage, eliminating "dead zones". Improvements were made through the construction of several antenna towers along with the purchase of communication systems and radios from Motorola.

**Capital Projects Fund** - This fund is used to account for the financial activity of capital projects financed with debt proceeds.

The Town reports the following major proprietary funds:

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

In addition, the Town reports the following proprietary and fiduciary fund types:

**Internal Service Fund** - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for medical self-insurance activities.

**Pension and Other Post-Employment Benefits Trust Funds** - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's pension plan, which is a defined benefit pension plan, and the other post-employment benefits plan.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

**Private Purpose Trust Funds** - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital.

**Agency Funds** - These funds are used to account for resources held by the Town in a purely custodial capacity.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received or is available to be received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary, pension trust, other post-employment benefits trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

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 connections 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 include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for premiums. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity**

**Cash Equivalents**

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

**Investments**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools and insurance contracts as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

Investments in insurance contracts are measured by the Town at contract value.

**Inventories**

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

**Property Taxes, Sewer Usage Charges and Sewer Assessment Fees**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2016 of \$58,000 and \$46,000, respectively.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)**

**Property Taxes, Sewer Usage Charges and Sewer Assessment Fees (Continued)**

Upon completion of projects, sewer assessments are levied to users. Once levied, annual 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 user 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 assessments and usage charges are paid in full. Based on historical collection experience and other factors, an allowance for uncollectible assessments as of June 30, 2016 is not considered necessary.

**Capital Assets**

Capital assets, which include land, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund 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, when 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise funds are included as part of the capitalized cost of the assets constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

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

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)**

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources represent either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consist of deferred charges on refunding and deferred pension expenses reported in the government-wide financial statements. Deferred charges on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount has been deferred and is being amortized over the life of the related debt. Deferred pension expenses resulted from changes in the net pension liability and is being amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consist of revenues that are considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported in the governmental funds financial statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide financial statements. Deferred pension benefits resulted from changes in the net pension liability and is being amortized as a reduction of pension expense on a systematic and rational basis.

**Compensated Absences**

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, proprietary fund and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they have matured (i.e. due to resignation or retirement).

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)**

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's assets, deferred outflows and inflows of resources and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

**Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

**Restricted net position** - This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** - This component of net position is the net amount of the assets, liabilities, and deferred outflows/inflows of resources which do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

**Nonspendable** - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

**Restricted** - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

**Committed** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

**Assigned** - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

**Unassigned** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

**Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)**

**Net Position and Fund Balance (Continued)**

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current 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 Provided and Used**

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

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. 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 non-operating revenues and expenses.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCES**

**Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter.

- 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 fifteen 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 1/5<sup>th</sup> of one mill per each one thousand dollars of the last completed Grand List. Appropriations in excess of the amount which the Board of Finance may approve must be approved by vote of a Town Meeting. During the year ended June 30, 2016, the Board of Finance and, where required, Town meetings approved additional appropriations from fund balance of \$1,228,994.
- 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 Projects Funds. Appropriations for Capital Projects Funds are continued until completion of the 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 Teachers' Retirement System 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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCES (Continued)**

**Budgetary Information (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2016:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 98,723,713	\$ 97,902,326	\$ 929,427	\$ 1,750,814
"On-behalf" payments - State Teachers Retirement Fund (see Note K)	7,516,056	7,516,056	-	-
Changes in encumbrances	-	1,659,773	-	(1,659,773)
Cancellation of prior year encumbrances	-	(170,040)	(170,040)	-
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	1,509,338	1,509,338	-	-
Certain items recorded as transfers for budgetary purposes	-	(3,415,584)	(3,415,584)	-
Volunteer Fire Fund	725	71,393	250,000	179,332
Other commitments	-	45,000	-	(45,000)
Noncash capital lease financing activity	-	998,531	998,531	-
GAAP basis	<u>\$ 107,749,832</u>	<u>\$ 106,116,793</u>	<u>\$ (1,407,666)</u>	<u>\$ 225,373</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCES (Continued)**

**Deficit Fund Balances**

The following funds have deficit fund balances as of June 30, 2016, none of which constitutes a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ 4,535,920
Police Communications II Fund	3,447,980
Route 7 Pump Station 12-13 BANS Fund	2,175,000
Bridge Dam & Fueling Station Fund	1,658,476
Roads III 12-13 BANS Fund	1,264,999
Century Brass Clean Up Fund	54,515
Grove Street Relocation Fund	1,737
Drug Education Prevention Fund	869
STEAP Grants Fund	479

The deficits are expected to be eliminated through future revenue sources, transfers from the General Fund and/or proceeds from the issuance of long-term debt.

**NOTE C - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 47,310,941
Statement of fiduciary net position:	
Cash and cash equivalents	<u>3,755,753</u>
	51,066,694
Less: cash equivalents considered investments for disclosure purposes	<u>(10,191,160)</u>
	<u><u>\$ 40,875,534</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$41,387,408 of the Town's bank balance of \$42,837,637 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 37,248,667
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>4,138,741</u>
	<u><u>\$ 41,387,408</u></u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Cash Deposits (Continued)**

**Custodial Credit Risk (Continued)**

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**Investments**

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,688,519
Statement of fiduciary net position:	
Investments	51,536,936
	<u>53,225,455</u>
Add: cash equivalents considered investments for disclosure purposes	10,191,160
	<u><u>\$ 63,416,615</u></u>

As of June 30, 2016, the Town's investments consist of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)		
				Less Than 1	1 to 5	6 to 10
Debt securities:						
Government-wide investments (excluding Library):						
Short-term Investment Fund	Net asset value	AAA	\$ 10,130,590	\$ 10,130,590	\$ -	\$ -
Fiduciary investments:						
Money market mutual funds	Net asset value	Unrated	60,570	60,570	-	-
Corporate bonds	Fair value	AAA	10,862	-	10,862	-
Corporate bonds	Fair value	AA	25,332	-	25,332	-
Corporate bonds	Fair value	A	144,931	-	123,684	21,247
Corporate bonds	Fair value	BBB	15,520	-	15,520	-
			10,387,805	\$ 10,191,160	\$ 175,398	\$ 21,247
Other investments:						
Library investments:						
Equity mutual funds	Fair value		1,688,519			
Fiduciary investments:						
Insurance contracts	Contract value		50,489,097			
Equity mutual funds	Fair value		833,306			
Common stock	Fair value		17,888			
			\$ 63,416,615			

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

**Interest Rate Risk**

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as presented above.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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's investments in external investment pools, mutual funds and insurance contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in corporate bonds and common stock are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2016, 100% of the Town's government-wide investments, excluding library investments, were invested in the State of Connecticut Short-term Investment Fund. As of June 30, 2016, 98% of the Town's fiduciary investments were invested in insurance contracts issued by the Principal Financial Group. As of June 30, 2016, more than 10% of the Town's library investments were invested in the following:

<b>Issuer</b>	<b>Investment</b>	<b>Value</b>	<b>% of Library Investments</b>
First Eagle	Global Fund Class A	\$ 249,826	15%
Oppenheimer	Global Strategic Income Class A	190,756	11%
Washington Mutual	Investors Fund Class A	175,449	10%

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE D - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2016, by level within the fair value hierarchy are presented in the table below.

<b>Financial Assets Measured at Fair Value</b>	<b>Prices in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Corporate bonds	\$ -	\$ 196,645	\$ -
Equity mutual funds	2,521,825	-	-
Common stock	17,888	-	-

**NOTE E - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2016 consisted of the following:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 16,778,689	\$ -	\$ -	\$ -	\$ 16,778,689
Construction in progress	359,783	5,822,944	-	-	6,182,727
Total capital assets, not being depreciated	17,138,472	5,822,944	-	-	22,961,416
Capital assets, being depreciated:					
Buildings and improvements	93,737,527	43,202	-	-	93,780,729
Infrastructure	107,446,600	711,880	-	-	108,158,480
Land improvements	1,030,467	111,333	(158,566)	-	983,234
Machinery and equipment	25,526,709	2,294,709	(7,272,044)	-	20,549,374
Total capital assets, being depreciated	227,741,303	3,161,124	(7,430,610)	-	223,471,817
Less accumulated depreciation and amortization for:					
Buildings and improvements	34,483,162	1,877,535	-	-	36,360,697
Infrastructure	64,682,578	2,302,157	-	-	66,984,735
Land improvements	494,754	56,642	(158,566)	-	392,830
Machinery and equipment	15,591,564	1,632,317	(7,203,226)	-	10,020,655
Total accumulated depreciation and amortization	115,252,058	5,868,651	(7,361,792)	-	113,758,917
Total capital assets, being depreciated, net	112,489,245	(2,707,527)	(68,818)	-	109,712,900
Governmental activities capital assets, net	\$ 129,627,717	\$ 3,115,417	\$ (68,818)	\$ -	\$ 132,674,316

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE E - CAPITAL ASSETS (Continued)**

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 286,103
Public safety	562,585
Public works	2,859,792
Health and welfare	36,721
Culture and recreation	117,182
Education	<u>2,006,268</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 5,868,651</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2016 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Construction in progress	383,262	172,547	-	(35,342)	520,467
Total capital assets, not being depreciated	<u>388,262</u>	<u>172,547</u>	<u>-</u>	<u>(35,342)</u>	<u>525,467</u>
Capital assets, being depreciated:					
Buildings and improvements	29,571,006	-	-	-	29,571,006
Infrastructure	10,431,231	-	-	35,342	10,466,573
Machinery and equipment	8,027,885	57,531	-	-	8,085,416
Total capital assets, being depreciated	<u>48,030,122</u>	<u>57,531</u>	<u>-</u>	<u>35,342</u>	<u>48,122,995</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	1,935,260	605,643	-	-	2,540,903
Infrastructure	2,606,576	222,070	-	-	2,828,646
Machinery and equipment	2,447,591	315,820	-	-	2,763,411
Total accumulated depreciation and amortization	<u>6,989,427</u>	<u>1,143,533</u>	<u>-</u>	<u>-</u>	<u>8,132,960</u>
Total capital assets, being depreciated, net	<u>41,040,695</u>	<u>(1,086,002)</u>	<u>-</u>	<u>35,342</u>	<u>39,990,035</u>
Business-type activities capital assets, net	<u><u>\$ 41,428,957</u></u>	<u><u>\$ (913,455)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,515,502</u></u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE F - SETTLEMENT RECEIVABLE**

The Town executed a twenty-four 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, 2016 totaled \$18,900,000. Future annual installments collectible under the settlement agreement are as follows as of June 30, 2016:

Year ending	
June 30:	Amount
2017	\$ 2,700,000
2018	2,700,000
2019	2,700,000
2020	2,700,000
2021	2,700,000
2022-2023	5,400,000
	\$ 18,900,000

**NOTE G - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Water Pollution Control Authority	\$ 4,351,575
	Waste Management Ordinance Fund	145
	Police Communications II Fund	2,763
	Capital Projects Fund	747,570
	Other Governmental Funds	1,202,177
		6,304,230
Capital Projects Fund	Other Governmental Funds	2,106
Other Governmental Funds	Other Governmental Funds	160,042
		6,466,378
<b>Proprietary Funds:</b>		
Internal Service Fund	General Fund	2,409,192
<b>Business Type Activities Funds:</b>		
Water Pollution Control Authority	Other Governmental Funds	2,457,496
		\$ 11,333,066

Except as disclosed below, the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The General Fund has previously advanced funds to the Water Pollution Control Authority to fund bond principal and interest payments. The Town intends to liquidate the amounts due to the General Fund through future revenues collected by the Water Pollution Control Authority. It is anticipated that a portion of the balance due to the General Fund from the Water Pollution Control Authority will not be repaid within one year and, therefore, an amount of \$1,894,079 has been presented as an advance as of June 30, 2016.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE H - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Waste Management Ordinance Fund	\$ 798,500
	Other Governmental Funds	390,000
		<u>1,188,500</u>
Police Communications II Fund	General Fund	<u>182,000</u>
Other Governmental Funds	General Fund	2,629,844
		<u>\$ 4,000,344</u>
<b>Business Type Activities Funds:</b>		
Water Pollution Control Authority	General Fund	873,104
	Other Governmental Funds	2,457,496
		<u>3,330,600</u>
		<u>\$ 7,330,944</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE I - BOND ANTICIPATION NOTES PAYABLE**

In July 2015, the Town retired a portion of the \$10,905,000 in previously outstanding bond anticipation notes and refinanced the remaining portion through the issuance of \$9,505,000 in bond anticipation notes. In January 2016, the Town retired a portion of the \$9,505,000 in bond anticipation notes and refinanced the remaining portion through the issuance of \$15,605,000 in bond anticipation notes. The \$15,605,000 in bond anticipation notes matured in July 2016 (*See Note Q*). The purposes of the notes were to provide short-term financing to fund authorized capital projects.

The following is a summary of terms and changes in short-term debt for the year ended June 30, 2016:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>						
Bond anticipation notes payable	0.50%	July 2015	\$ 10,905,000	\$ -	\$ (10,905,000)	\$ -
Bond anticipation notes payable	1.00%	January 2016	-	9,505,000	(9,505,000)	-
Bond anticipation notes payable	1.00%	July 2016	-	15,605,000	-	15,605,000
			<u>\$ 10,905,000</u>	<u>\$ 25,110,000</u>	<u>\$ (20,410,000)</u>	<u>\$ 15,605,000</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE J - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 15,936,157	\$ -	\$ (3,678,329)	\$ 12,257,828	\$ 3,673,328
Unamortized premium	<u>708,656</u>	<u>-</u>	<u>(82,561)</u>	<u>626,095</u>	<u>-</u>
Total bonds payable	16,644,813	-	(3,760,890)	12,883,923	3,673,328
Other liabilities:					
Notes payable	33,169	-	(33,169)	-	-
Capital leases	1,869,222	998,531	(819,720)	2,048,033	741,979
Compensated absences	982,828	66,135	(136,036)	912,927	456,538
Pollution remediation obligation	1,985,695	-	(331,654)	1,654,041	-
Net pension liability	13,741,533	4,058,476	-	17,800,009	-
Net OPEB obligation	<u>2,476,808</u>	<u>414,192</u>	<u>-</u>	<u>2,891,000</u>	<u>-</u>
	<u>\$ 37,734,068</u>	<u>\$ 5,537,334</u>	<u>\$ (5,081,469)</u>	<u>\$ 38,189,933</u>	<u>\$ 4,871,845</u>
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,223,843	\$ -	\$ (276,671)	\$ 1,947,172	\$ 276,672
Other liabilities:					
Notes payable	20,802,919	-	(1,096,176)	19,706,743	1,018,387
Net pension liability	<u>638,876</u>	<u>102,791</u>	<u>-</u>	<u>741,667</u>	<u>-</u>
	<u>\$ 23,665,638</u>	<u>\$ 102,791</u>	<u>\$ (1,372,847)</u>	<u>\$ 22,395,582</u>	<u>\$ 1,295,059</u>

Long-term liabilities above typically have been liquidated by the General Fund for governmental activities and the Water Pollution Control Authority for business-type activities.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE J - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds and Notes Payable**

A summary of general obligation bonds and note payable outstanding at June 30, 2016 is as follows:

<b>Purpose of Bonds</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	2004	\$11,162,645	2.0% - 5.0%	2017	\$ 1,235,530
General Obligation Bonds	2004	6,472,120	2.0% - 5.0%	2020	2,502,298
General Obligation Bonds	2008	16,963,000	4.0% - 5.0%	2028	5,845,000
General Obligation Bonds	2010	3,865,000	2.0% - 4.0%	2031	2,675,000
					<u>\$ 12,257,828</u>
<b>Business-type Activities</b>					
Bonds Payable					
General Obligation Bonds	2004	\$ 170,235	2.0% - 5.0%	2017	\$ 20,172
General Obligation Bonds	2004	4,630,000	2.0% - 5.0%	2024	1,852,000
General Obligation Bonds	2008	242,000	4.0% - 5.0%	2019	75,000
					<u>1,947,172</u>
Notes Payable					
State of Connecticut Clean Water Fund	2013	22,165,429	2.0%	2033	19,706,743
					<u>\$ 21,653,915</u>

Annual debt service requirements to maturity on general obligation bonds and the notes payable are as follows as of June 30, 2016:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>				
	<b>Bonds Payable</b>		<b>Notes Payable</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2017	\$ 3,673,328	\$ 480,857	\$ -	\$ -	\$ 4,154,185
2018	2,443,500	311,096	-	-	2,754,596
2019	2,373,500	202,156	-	-	2,575,656
2020	898,500	132,585	-	-	1,031,085
2021	393,500	99,313	-	-	492,813
2022-2026	1,425,500	327,212	-	-	1,752,712
2027-2031	1,050,000	87,622	-	-	1,137,622
	<u>\$ 12,257,828</u>	<u>\$ 1,640,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,898,669</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2016

**NOTE J - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds and Notes Payable (Continued)**

Year ending June 30:	Business-type Activities				
	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2017	\$ 276,672	\$ 83,240	\$ 1,018,387	\$ 384,833	\$ 1,763,132
2018	256,500	69,531	1,038,943	364,278	1,729,252
2019	256,500	59,021	1,059,913	343,307	1,718,741
2020	231,500	49,136	1,081,307	321,914	1,683,857
2021	231,500	39,644	1,103,132	300,088	1,674,364
2022-2026	694,500	60,132	5,858,777	1,157,325	7,770,734
2027-2031	-	-	6,474,412	541,692	7,016,104
2032-2033	-	-	2,071,872	32,960	2,104,832
	<u>\$ 1,947,172</u>	<u>\$ 360,704</u>	<u>\$ 19,706,743</u>	<u>\$ 3,446,397</u>	<u>\$ 25,461,016</u>

**School Bond Reimbursements**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2016 was \$1,165,483. Additional reimbursements of principal and interest aggregating \$1,709,181 and \$102,320, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position. Remaining amounts will be realized by the Town through fiscal year 2020.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2016.

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2016:

	<b>Governmental Activities</b>
Equipment	\$ 4,343,220
Less: accumulated amortization	892,462
	<u>\$ 3,450,758</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE J - LONG-TERM LIABILITIES (Continued)**

**Capital Leases (Continued)**

Amortization expense relative to leased property under capital leases totaled \$391,387 for the year ended June 30, 2016 and is included in depreciation and amortization expense disclosed in Note E.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2016 is as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2017	\$ 778,316
2018	581,971
2019	272,298
2020	125,127
2021	116,066
Thereafter	<u>232,132</u>
Total minimum lease payments	2,105,910
Less: amount representing interest	<u>57,877</u>
Present value of minimum lease payments	<u><u>\$ 2,048,033</u></u>

**Pollution Remediation Obligation**

Pursuant to local laws, the Town has recorded a liability of \$1,654,041 for remediation at the Century Enterprise Center. Management has estimated this liability based on the current understanding of the site and experience and discussion with contractors. This amount has been recorded as a liability in the government-wide financial statements.

Amounts provided for pollution remediation are based on current costs. These costs may be adjusted each year due to changes in the remediation plan, inflation or deflation, technology, or applicable laws or regulations. It is at least reasonably possible that these estimates and assumptions could change in the near term and that the change could be material.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE K - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund**

**Plan Description**

*Plan administration* - 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 substantially all full time employees of the Town and Board of Education personnel other than certified teachers, who are covered under the State Teachers' Retirement System. The Plan is administered by the Town Finance Director. Plan benefits and contribution requirements are established by the plan document.

*Plan membership* - All full time employees eligible to participate in the plan become a plan participant with their date of hire. Membership of the Plan consisted of the following as of July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	184
Terminated plan members entitled to but not yet receiving benefits	85
Active plan members	423
	<u>692</u>

*Benefits provided* - The Plan provides retirement, death and disability benefits to all eligible members. 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 five years during the last ten 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 ten years of the normal retirement date but not earlier than age 55). Benefits are reduced by 0.5% per month for each month that the early retirement date precedes the normal retirement date.

**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% (amended in 2007 from 1.7%) of the participant's highest average annual compensation in the three years during the last ten 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 ten years of the normal retirement date but not earlier than age 55). Benefits are reduced by 0.5% per month for each month that the early retirement date precedes the normal retirement date.

**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 three years during the last ten 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 ten years of the normal retirement date but not earlier than age 55). Benefits are reduced by 0.5% per month for each month that the early retirement date precedes the normal retirement date.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**Pension Trust Fund (Continued)**

**Plan Description (Continued)**

*Benefits provided (Continued) -*

**Police:** All full time regular employees are eligible for participation in the Plan and become fully vested in the Plan upon the completion of 10 years of service. The normal retirement benefit is calculated as 2.5% (amended during 2007 from 2.25%) of the participant's highest average annual compensation in the three years during the last five 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 three years during the last five 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.

**Contributions -** The contribution requirements of plan members and the Town are established and may be amended by the Town Council. The employer's contributions were based on normal cost and an amortization of the unfunded actuarial accrued liability. The Town's actuary determines annual employer contributions to the plan. Employee contribution requirements vary by class of employees covered, per terms of the Plan agreement. The following is a summary of the contribution requirements for each type of class covered:

**Non-union employees:** Employees are not required to contribute to the plan.

**Teamsters:** Employees are required to contribute 2% of compensation under a salary reduction agreement to the Plan.

**AFSCME:** Employees are required to contribute 2% of compensation under a salary reduction agreement to the Plan.

**Police:** 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.

**Summary of Significant Accounting Policies**

**Accounting Policies -** The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Investments -** Investments consists of insurance contracts and are measured by the Town at contract value.

**Concentrations -** As of June 30, 2016, 100% of the Town Plan's investments were invested in insurance contracts issued by the Principal Financial Group.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**Pension Trust Fund (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Rate of return* - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was approximately 2.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the Town's net pension liability of the Town Plan at June 30, 2016, were as follows:

Total pension liability	\$ 69,030,772
Plan fiduciary net position	<u>50,489,096</u>
Net pension liability	<u><u>\$ 18,541,676</u></u>
Plan fiduciary net position as a percentage of the total pension liability	73.14%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2016, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2015	\$ 64,196,934	\$ 49,816,525	\$ 14,380,409
<b>Changes for the year:</b>			
Service cost	1,557,262	-	1,557,262
Interest	4,914,704	-	4,914,704
Differences between expected and actual experience	279,655	-	279,655
Change in assumption	1,066,294	-	1,066,294
Contributions - employer	-	2,327,020	(2,327,020)
Contributions - employee	-	317,343	(317,343)
Net investment income	-	1,012,365	(1,012,365)
Benefit payments, including refunds	(2,984,077)	(2,984,077)	-
Administrative expense	-	(80)	80
<b>Net changes</b>	<u>4,833,838</u>	<u>672,571</u>	<u>4,161,267</u>
Balance as of June 30, 2016	<u><u>\$ 69,030,772</u></u>	<u><u>\$ 50,489,096</u></u>	<u><u>\$ 18,541,676</u></u>

The Town's net pension liability has been allocated between its governmental and business-type activities based on the proportionate share of contributions made to the plan.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**Pension Trust Fund (Continued)**

**Net Pension Liability (Continued)**

*Actuarial assumptions* - The total pension liability for the Town Plan was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases, including inflation	4.50%
Investment rate of return, including inflation	7.50%
Discount rate	7.50%

The long-term expected rate of return on the Town Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	31.96%	31.50%	8.19%
International Equity	10.27%	10.50%	4.42%
Fixed Income	49.58%	50.00%	6.20%
Real Estate / Other	8.19%	8.00%	Unavailable

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2016

**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**Pension Trust Fund (Continued)**

**Net Pension Liability (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 7.50% as well as what the Town Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount (7.5%)</b>	<b>1% Increase (8.5%)</b>
Town Plan's net pension liability as of June 30, 2016	\$ 26,612,033	\$ 18,541,676	\$ 11,881,825

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2016, the Town recognized pension expense related to the Town Plan of \$1,353,069. At June 30, 2016, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 233,697	\$ (442,832)
Changes of assumptions and demographics	3,334,266	-
Difference between projected and actual earnings on plan investments	3,345,997	(1,351,262)
Total	<u>\$ 6,913,960</u>	<u>\$ (1,794,094)</u>

Amounts reported as deferred outflows and inflows of resources related to the Town Plan will be recognized as a component of pension expense in future years as follows:

	<b>Amortization Pension Expense</b>
Year ended June 30,	
2017	\$ 971,719
2018	971,719
2019	1,647,350
2020	1,286,677
2021	266,971
Thereafter	(24,570)
	<u>\$ 5,119,866</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**State of Connecticut Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2016, plan members of the Town contributed \$2,230,512 to the plan and covered payroll for the year was \$30,765,683.

The Town has recognized on-behalf payments of \$7,516,056 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$77.952 million or approximately 0.71% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability as of June 30, 2015, rolled forward from the June 30, 2014 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.50%
Salary increases	Varies with age and position
Investment rate of return	8.50%
Discount rate	8.50%

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2016

**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**State of Connecticut Teachers' Retirement System (Continued)**

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large Cap U.S. Equities	25.0%	5.8%
Developed Non-U.S. Equities	20.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	5.0%	5.1%
Private Equity	10.0%	7.6%
Alternative Investment	8.0%	4.1%
Core Fixed Income	13.0%	1.3%
High Yield Bonds	2.0%	3.9%
Emerging Market Bonds	4.0%	3.7%
Inflation Linked Bonds	6.0%	1.0%
Cash	6.0%	0.4%

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	<b>1% Decrease (7.50%)</b>	<b>Current Discount (8.50%)</b>	<b>1% Increase (9.50%)</b>
Proportionate share of the net pension liability attributed to the Town	\$98.304 million	\$77.952 million	\$60.653 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE K - EMPLOYEE RETIREMENT PLANS (Continued)**

**Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, the Town has no liability for losses under the plan. Therefore, the accounts of the deferred compensation plan are not reported in the basic financial statements of the Town.

**NOTE L - AWARDS PROGRAM**

The Town, in collaboration with the volunteer firefighters and ambulance organizations that serve the Town, has established a revocable trust fund (the "Firefighters Reward Program Fund") to accumulate awards for the benefit of the organizations' members. Members generally become eligible to participate in the awards program upon completion of one year of continuous service. The contribution requirements of the Town are established and may be amended by the Boards governing each organization, with approval by the Town Council. The Town generally contributes \$300 annually to the fund on-behalf of each active participant. Participants become fully vested in the awards program upon completion of 10 years of service, upon death or upon becoming disabled. The Town finance director serves as the administrator of the awards program and, accordingly, the Town has reported the Firefighters Reward Program Fund as an agency fund in the accompanying financial statements. During the year ended June 30, 2016, the Town contributed \$44,473 to the fund for awards earned by participants for the fiscal 2015 service year.

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Town administers an Other Post-Employment Benefits Plan (the "Plan"), which is a single-employer defined benefit healthcare plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members, as well as certain life insurance benefits. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

At July 1, 2014, plan membership consisted of the following:

	<b>Police</b>	<b>Teachers</b>	<b>Total</b>
Current retirees, beneficiaries, and dependents	21	94	115
Current active participants	42	321	363
	<u>63</u>	<u>415</u>	<u>478</u>

**Summary of Significant Accounting Policies**

The Plan is accounted for using the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Plan Provisions**

Contribution requirements of the plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the unions. Retired program members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums. Currently, the Town contributes the following for various classes of employees covered:

*Board of Education Teachers:* Teachers retiring under the Connecticut State Teachers Retirement system are eligible to receive health benefits for self and spouse. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age. Individuals receiving benefits contribute 100% of their premium costs.

*Police:* Police Officers who retire under the Town's pension plan with at least 25 years of service, shall be eligible to continue receiving health benefits for self and spouse. All retirees under the age of 65 are required to contribute 100% of their premium costs. Individuals receiving benefits contribute 10% of their premium costs.

**Funding Policy**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. The Town is funding these benefits in an Other Post-Employment Benefits Trust Fund.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. 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 over a period not to exceed thirty years. The Town's annual OPEB cost is entirely attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to premium rates offered to the Town's active employees. 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.

Annual required contribution	\$ 1,077,895
Interest on net OPEB obligation	179,569
Adjustment to annual required contribution	(195,105)
Annual OPEB cost (expense)	<u>1,062,359</u>
Contributions made	<u>648,167</u>
Increase in net OPEB obligation	414,192
Net OPEB obligation, beginning of year	<u>2,476,808</u>
Net OPEB obligation, end of year	<u><u>\$ 2,891,000</u></u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost (A)</b>	<b>Total Contribution (B)</b>	<b>Percentage of Annual OPEB Cost Contributed (B/(A))</b>	<b>Net OPEB Obligation</b>
2014	\$ 1,142,966	\$ 575,764	50.4%	\$ 2,223,297
2015	1,071,368	817,857	76.3%	2,476,808
2016	1,062,359	648,167	61.0%	2,891,000

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>
July 1, 2014	\$ 230,924	\$ 11,099,078	\$ 10,868,154	2.1%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE M - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial Methods and Assumptions (Continued)**

Significant methods and assumptions were as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit Cost
Amortization method:	Level Dollar
Remaining amortization period:	30 years, closed
Asset valuation method:	Fair Market Value
Actuarial assumptions:	
Discount rate	7.25%
Investment rate of return	7.25%
Projected salary increases	4.5%, includes inflation
Healthcare cost trend rate	6.1% initial 4.7% final

**NOTE N - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance, except as disclosed below. During fiscal year 2016 deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Medical Reserve Account, an internal service fund, was established to account for and finance employee medical benefits claims for eligible full-time employees and qualified retirees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$125,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2016. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2016 and 2015 are as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2015	\$ 901,500	\$ 11,699,328	\$ 11,619,828	\$ 981,000
2016	981,000	11,696,740	11,681,940	995,800

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE N - RISK MANAGEMENT (Continued)**

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 ("CCM") 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 provides statutory benefits pursuant to the provisions of the Connecticut Worker's Compensation Act. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through member premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

**NOTE O - FUND BALANCE**

Fund balance of the governmental funds has been committed to the following purposes as of June 30, 2016:

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Committed			
Public safety	\$ -	\$ 21,996	\$ 21,996
Public works	-	227,778	227,778
Health and welfare	-	41,866	41,866
Library	-	1,788,157	1,788,157
Culture and recreation	-	11,642	11,642
Education	-	864,346	864,346
Capital purposes	-	2,977,540	2,977,540
Volunteer fire	450,879	-	450,879
	<u>\$ 450,879</u>	<u>\$ 5,933,325</u>	<u>\$ 6,384,204</u>

Fund balance of the governmental funds has been assigned to the following purposes as of June 30, 2016:

	<b>General Fund</b>	<b>Waste Management Ordinance Fund</b>	<b>Total Governmental Funds</b>
Assigned			
Property tax stabilization	\$ -	\$ 1,006,998	\$ 1,006,998
Subsequent appropriations	503,982	-	503,982
Information technology	26,000	-	26,000
Lanseville engineering	60,000	-	60,000
Strategic plan	45,000	-	45,000
Youngsfield phase II	75,000	-	75,000
General government	14,234	-	14,234
Public works	18,683	-	18,683
Education	58,112	-	58,112
Other purposes	18,606	-	18,606
Capital purposes	182,834	-	182,834
Debt service	90,251	-	90,251
	<u>\$ 1,092,702</u>	<u>\$ 1,006,998</u>	<u>\$ 2,099,700</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE P - COMMITMENTS AND CONTINGENCIES**

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known by management. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition 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 requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, would not have a material adverse effect on the financial condition of the Town.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, would not have a material adverse effect on the financial condition of the Town.

**NOTE Q - SUBSEQUENT EVENT**

In July 2016, the \$15,605,000 in bond anticipation notes outstanding as of June 30, 2016 matured and were retired by available funds and proceeds from the issuance of \$14,570,000 in bond anticipation notes. The \$14,570,000 in bond anticipation notes bear an interest rate of 2.0% and mature in April 2017.

**NOTE R - RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meets its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE R - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)**

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED**  
**LAST THREE FISCAL YEARS**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>			
Service cost	\$ 1,557,262	\$ 1,462,144	\$ 1,148,927
Interest	4,914,704	4,555,324	4,353,434
Differences between expected and actual experience	279,655	(328,502)	(327,779)
Changes of assumptions	1,066,294	3,620,085	-
Benefit payments, including refunds	(2,984,077)	(2,767,067)	(2,648,260)
Net change in total pension liability	4,833,838	6,541,984	2,526,322
Total pension liability - beginning	64,196,934	57,654,950	55,128,628
Total pension liability - ending	69,030,772	64,196,934	57,654,950
<b>Plan fiduciary net position</b>			
Contributions - employer	2,327,020	2,466,641	2,198,729
Contributions - members	317,343	292,426	297,706
Net investment income	1,012,365	2,107,491	6,845,411
Benefit payments, including refunds	(2,984,077)	(2,767,067)	(2,648,260)
Administrative expense	(80)	(160)	(21,352)
Net change in plan fiduciary net position	672,571	2,099,331	6,672,234
Plan fiduciary net position - beginning	49,816,525	47,717,194	41,044,960
Plan fiduciary net position - ending	50,489,096	49,816,525	47,717,194
<b>Town's net pension liability</b>	<b>\$ 18,541,676</b>	<b>\$ 14,380,409</b>	<b>\$ 9,937,756</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	73.14%	77.60%	82.76%
Covered employee payroll	\$ 18,361,947	\$ 18,130,859	\$ 19,064,620
<b>Town's net pension liability as a percentage of covered employee payroll</b>	100.98%	79.31%	52.13%

**NOTES TO SCHEDULE:**

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

*Benefit Changes* - None noted

*Assumption Changes* - The mortality table scale was updated from the MP-2014 generational projections to MP-2015 generational projections as of the June 30, 2016 measurement date. The discount rate decreased from 8.0% to 7.75% as of the June 30, 2015 measurement date. The mortality table was changed from the 2014 IRS Non-Annuitant table to the RP-2014 Blue Collar Employee table with MP-2014 generational projections.

*See accompanying Independent Auditor's Report.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,303,221	\$ 2,450,105	\$ 2,348,968
Contributions in relation to the actuarially determined contribution	<u>2,327,020</u>	<u>2,466,641</u>	<u>2,198,729</u>
Contribution deficiency (excess)	<u>\$ (23,799)</u>	<u>\$ (16,536)</u>	<u>\$ 150,239</u>
Covered employee payroll	\$ 18,361,947	\$ 18,130,859	\$ 19,064,620
Contributions as a percentage of covered employee payroll	12.67%	13.60%	11.53%
Annual money-weighted rate of return, net of investment expense	2.01%	4.32%	15.81%

**NOTES TO SCHEDULE:**

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level percent, open
Remaining amortization period:	10 years
Asset valuation method:	Market value of assets
Inflation:	3.0%
Investment rate of return:	7.75%
Salary increases, including inflation:	4.50%
Retirement age:	Ranges from 55 to 70

*See accompanying Independent Auditor's Report.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY - UNAUDITED**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**  
(Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.710%	0.710%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	77,952	72,051
Total	<u>\$ 77,952</u>	<u>\$ 72,051</u>
Town's covered payroll	\$ 30,766	\$ 27,540
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**NOTES TO SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

*Benefit Changes* - None noted

*Assumption Changes* - None noted

*See accompanying Independent Auditor's Report*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS - UNAUDITED**  
**LAST FIVE ACTUARIAL VALUATIONS**

<b>Other Post-Employment Benefits Plan</b>				
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)
July 1, 2007	\$ -	\$ 11,021,000	\$ 11,021,000	0.0%
July 1, 2008	-	11,144,000	11,144,000	0.0%
July 1, 2010	-	12,899,000	12,899,000	0.0%
July 1, 2012	235,000	11,987,076	11,752,076	2.0%
July 1, 2014	230,924	11,099,078	10,868,154	2.1%

*See accompanying Independent Auditor's Report.*

**TOWN OF NEW MILFORD, CONNECTICUT**

**COMMUNICATION OF CERTAIN  
INTERNAL CONTROL RELATED MATTERS**

**JUNE 30, 2016**

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To the Board of Finance  
Town of New Milford, Connecticut

In connection with our audit of the financial statements of the Town of New Milford, Connecticut (the "Town"), as of June 30, 2016 and for the year then ended, auditing standards generally accepted in the United States of America ("US GAAS") require that we advise management and the Board of Finance (hereinafter referred to as "those charged with governance") of certain internal control matters identified during our audit.

### **Our responsibilities**

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion on internal control effectiveness.

### **Deficiencies in internal control**

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of the Town's internal control was for the limited purpose described above and was not designed to identify all deficiencies, significant deficiencies or material weaknesses. Given these limitations during the audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening the Town's internal controls and operating efficiencies:

## **CURRENT YEAR RECOMMENDATIONS**

### ***Bank Reconciliations***

During the current year audit, we noted that the following bank accounts were not fully reconciled to the general ledger in a timely manner throughout the fiscal year:

- Town Accounts Payable Account
- Town Payroll Account
- Board of Education Payroll Account

Although the majority of the bank activity had been properly reconciled to the general ledger, each of the above bank accounts contained unreconciled differences that remained throughout the fiscal year. An unreconciled difference that appears immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent.

We recommend that bank reconciliations be performed on a monthly basis so that errors or other problems might be recognized and resolved on a timely basis. In addition, all bank reconciliations should be reviewed for accuracy and completeness by a supervisor who is independent of the bank reconciliation process to ensure timeliness of the bank reconciliation process. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary as a result be recorded. If necessary, the personnel who prepares the reconciliations should be provided additional training and instruction on how to prepare them accurately and completely.

### ***Grant Reporting***

The Town currently receives numerous grants from the Federal Government and State of Connecticut. These grants are often administered by various Town departments, other than the Town's Finance Department. During the current year audit, we noted that the Town does not have a formal process in place to identify and ensure compliance with grant reporting requirements.

We recommend that the Town implement a formal process for both identifying grant reporting requirements and tracking the status of report filings to ensure compliance.

## **CONTINUATION OF PRIOR YEAR RECOMMENDATIONS**

### ***Fraud Risk Assessment Process***

In connection with the prior year audit, we recommended that the Town consider implementing a formal fraud risk assessment process. All organizations are subject to fraud risks. Management of the Town's various departments are ultimately responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud. A fraud risk assessment process is important process that can be used by an organization to systematically identify where and how fraud may occur and who may be in a position to commit fraud. The process is used to identify fraud risk schemes as well as respective controls that may prevent or detect these schemes. An effective fraud risk assessment process:

- requires board input and oversight;
- is performed on a systematic and recurring basis;
- identifies instances where fraud may occur within the organization;
- involves appropriate personnel to consider potential fraud schemes and scenarios; and
- links potential fraud schemes and scenarios to mitigating controls.

## **CONTINUATION OF PRIOR YEAR RECOMMENDATIONS (Continued)**

### ***Fraud Risk Assessment Process (Continued)***

During the current year audit, we noted that the Town has subsequently adopted a *Fraud Risk Assessment Policy*. The policy appropriately establishes organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. While the policy provides a foundation for the fraud risk assessment process, we continue to recommend that management take the next steps to identify and document fraud risks within the Town and any mitigating controls that are in place to reduce the fraud risks to an acceptable level.

### ***Internal Service Fund - Fund Balance Policy***

In connection with the prior year audit, we recommended that the Town consider developing a policy governing the operations of its internal service fund. The Town currently uses an internal service fund to account for activities relating to employee medical and dental insurance. An internal service fund, by definition, should operate on a cost-recovery basis. While a surplus or deficit in an internal service fund in any given year or over a reasonable period poses no specific problem, a significant and or growing surplus or deficit over time should be addressed by an approved policy. The policy should address the following:

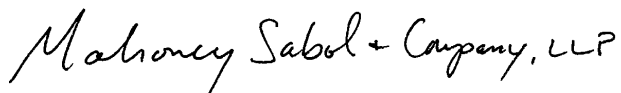
- the action required to the extent the internal service fund is operating at a deficit,
- the disposition of unexpended surpluses (i.e. whether unexpended surpluses should be refunded to the participating departments or carried forward to offset costs in the ensuing fiscal year), and
- a fund balance policy that addresses a minimum and maximum level of reserve to be maintained in the fund

We continue to recommend that the Town develop a policy governing the operations of its internal service fund to address potential issues that often develop over time when using an internal service fund.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

We appreciate the courtesies extended to us by the management and staff of the Town.

This communication is intended solely for the information and use of the Board of Finance and management of Town, the Office of Policy and Management, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Glastonbury, Connecticut  
February 23, 2017

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***Appendix B-1***

***Form of Opinion of Bond Counsel and Tax Exemption – The Bonds***

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# JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418  
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S   A T   L A W

TELEPHONE (860)296-0510  
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## **FORM OF OPINION OF BOND COUNSEL – Bonds**

Town of New Milford  
New Milford, Connecticut

Ladies and Gentlemen:

We have represented the Town of New Milford, Connecticut as bond counsel with respect to the issuance and sale of \$13,940,000 Town of New Milford, Connecticut General Obligation Bonds, Issue of 2017, bearing a Dated Date and an Original Issue Date of April 24, 2017 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated April 24, 2017 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The bonds are subject to redemption prior to maturity as therein provided. The bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the bonds, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the bonds are valid and binding general obligations of the Town of New Milford payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the bonds in order that interest on the bonds not be included in gross income under Section 103 of the Code. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the bonds shall not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the bonds is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the bonds is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the bonds.

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

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

The rights of owners of the bonds and the enforceability of the bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully yours,

JOSEPH FASI LLC

## **TAX MATTERS – Bonds and Notes**

### **Opinion of Bond Counsel**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds and Notes in order that interest on the Bonds and Notes not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Bonds and Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and Notes shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and Notes irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and Notes is not included in the gross income of the owners thereof for purposes of Federal income taxation and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds and Notes is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax on corporations.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Prospective purchasers of the Bonds and Notes are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds and Notes.

Bond Counsel expresses no opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on the Bonds and Notes.

### **Additional Tax Matters**

The following is a brief discussion of certain Additional Tax Matters associated with purchase and ownership of the Bonds and Notes. Bond Counsel's opinion does not address these issues (see opinion above) and prospective purchasers are advised to consult their own tax

advisors regarding federal and state consequences of ownership and disposition of the Bonds and Notes.

Ownership of tax exempt obligations such as the Bonds and Notes may result in certain collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and Notes. Prospective purchasers of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Bonds and Notes.

#### Original Issue Discount and Premium

The following is a general discussion of Original Issue Discount and Premium and not an opinion of Bond Counsel. Prospective Investors are advised to consult their own tax advisors regarding original issue discount and original issue premium in connection with their ownership and disposition of the Bonds.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). Based solely on information provided by the Underwriters, the offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, however, under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds, including those not purchasing a Bond at its initial public offering, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial

offering and sale, and the federal, state and local tax consequences of owning or disposing of such OID Bonds.

### Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal, state and local income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

### **FUTURE EVENTS**

The Federal and State tax treatment of municipal bonds is determined by Federal, State and local legislation, administrative pronouncements and court decisions. For example, recent Federal legislative proposals have been introduced into Congress which, if enacted, would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment, including limiting the exclusion from gross income on tax exempt bonds for higher income taxpayers. Current ongoing Federal budget discussions include such proposals. The enactment of such proposals may adversely affect the tax treatment of: the interest paid on the Bonds and Notes, their sale or disposition, market price, marketability, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur or that they will not be made retroactive. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchases and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.

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***Appendix B-2***

***Form of Opinion of Bond Counsel and Tax Exemption – The Notes***

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# JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418  
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S   A T   L A W

TELEPHONE (860)296-0510  
FACSIMILE (860)296-0541

## **FORM OF OPINION OF BOND COUNSEL – Notes**

Town of New Milford  
New Milford, Connecticut

Ladies and Gentlemen:

We have represented the Town of New Milford, Connecticut as bond counsel with respect to the issuance and sale of \$630,000 Town of New Milford, Connecticut General Obligation Bond Anticipation Notes, bearing a Dated Date and an Original Issue Date of April 24, 2017, maturing July 24, 2017 (the "notes").

We have examined a record of the proceedings authorizing the notes, a Tax Regulatory Agreement of the Town dated April 24, 2017 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the notes, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the notes (except to the extent, if any, stated in such Official Statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the notes under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the notes are a valid and binding general obligation of the Town of New Milford payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the notes in order that interest on the notes not be included in gross income under Section 103 of the Code. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the notes shall not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the notes is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the notes is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the notes.

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

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

The rights of owners of the notes and the enforceability of the notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully yours,

JOSEPH FASI LLC

## **TAX MATTERS – Bonds and Notes**

### **Opinion of Bond Counsel**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds and Notes in order that interest on the Bonds and Notes not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Bonds and Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and Notes shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and Notes irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and Notes is not included in the gross income of the owners thereof for purposes of Federal income taxation and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds and Notes is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax on corporations.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Prospective purchasers of the Bonds and Notes are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds and Notes.

Bond Counsel expresses no opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on the Bonds and Notes.

### **Additional Tax Matters**

The following is a brief discussion of certain Additional Tax Matters associated with purchase and ownership of the Bonds and Notes. Bond Counsel's opinion does not address these issues (see opinion above) and prospective purchasers are advised to consult their own tax

advisors regarding federal and state consequences of ownership and disposition of the Bonds and Notes.

Ownership of tax exempt obligations such as the Bonds and Notes may result in certain collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and Notes. Prospective purchasers of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Bonds and Notes.

#### Original Issue Discount and Premium

The following is a general discussion of Original Issue Discount and Premium and not an opinion of Bond Counsel. Prospective Investors are advised to consult their own tax advisors regarding original issue discount and original issue premium in connection with their ownership and disposition of the Bonds.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). Based solely on information provided by the Underwriters, the offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, however, under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds, including those not purchasing a Bond at its initial public offering, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial

offering and sale, and the federal, state and local tax consequences of owning or disposing of such OID Bonds.

### Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal, state and local income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

### **FUTURE EVENTS**

The Federal and State tax treatment of municipal bonds is determined by Federal, State and local legislation, administrative pronouncements and court decisions. For example, recent Federal legislative proposals have been introduced into Congress which, if enacted, would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment, including limiting the exclusion from gross income on tax exempt bonds for higher income taxpayers. Current ongoing Federal budget discussions include such proposals. The enactment of such proposals may adversely affect the tax treatment of: the interest paid on the Bonds and Notes, their sale or disposition, market price, marketability, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur or that they will not be made retroactive. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchases and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.

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***Appendix C-1***

***Form of Continuing Disclosure Agreement – The Bonds***

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CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF NEW MILFORD, CONNECTICUT

Dated As Of April 24, 2017

In Connection With The Issuance And Sale Of

\$13,940,000 Town Of New Milford, Connecticut

General Obligation Bonds, Issue of 2017,

Dated April 24, 2017

WHEREAS, the Town of New Milford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$13,940,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2017 (the "Bonds") to be dated April 24, 2017 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

2) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in 1) above:

- (a) the amounts of the gross and net taxable grand list;
- (b) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (c) the percentage or amount of the annual property tax levy collected and uncollected;
- (d) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (e) a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
- (f) the direct debt and overall net debt of the Issuer per capita;

(g) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;

(h) a statement of statutory debt limitations and debt margins;

(i) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(A) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- a) principal and interest payment delinquencies;
- b) non-payment related defaults, if material;
- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;

e) substitution of credit or liquidity providers, or their failure to perform;

f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

g) modifications to rights of security holders, if material;

h) bond calls, if material, and tender offers;

i) defeasances;

j) release, substitution or sale of property securing repayment of the securities, if material;

k) rating changes;

l) bankruptcy, insolvency, receivership or similar event of the Issuer;

m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment

or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**[Signature Page Follows]**

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF NEW MILFORD, CONNECTICUT

Dated As Of April 24, 2017

In Connection With The Issuance And Sale Of

\$13,940,000 Town Of New Milford, Connecticut

General Obligation Bonds, Issue of 2017,

Dated April 24, 2017

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

TOWN OF NEW MILFORD, CONNECTICUT

By \_\_\_\_\_  
David R. Gronbach  
Mayor

By \_\_\_\_\_  
W. Lee Palmer  
Director of Finance

***Appendix C-2***

***Form of Continuing Disclosure Agreement – The Notes***

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CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF NEW MILFORD, CONNECTICUT

In Connection With The Issuance And Sale Of

\$630,000 Town Of New Milford, Connecticut

General Obligation Bond Anticipation Notes, Dated April 24, 2017

WHEREAS, the Town of New Milford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$630,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes (the "Notes") bearing a Dated Date of April 24, 2017, maturing on July 24, 2017, said Notes as more fully described in the Issuer's Final Official Statement describing the Notes and prepared in connection with their sale (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the notes to provide notices of listed events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the notes in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Notes, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Listed Events" shall mean any of the events listed in Section 2 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Event Notices. The Issuer agrees to provide or cause to be provided in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities; if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 3. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB.

Section 6. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Notes.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of the beneficial owners of the Notes and shall be enforceable by them. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt

of written notice from any beneficial owner of the Notes of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

**[Signature Page Follows]**

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF NEW MILFORD, CONNECTICUT

In Connection With The Issuance And Sale Of

\$630,000 Town Of New Milford, Connecticut

General Obligation Bond Anticipation Notes, Dated April 24, 2017

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

TOWN OF NEW MILFORD, CONNECTICUT

By \_\_\_\_\_  
David R. Gronbach  
Mayor

By \_\_\_\_\_  
W. Lee Palmer  
Director of Finance

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## ***Appendix D***

### ***Notice of Sale and Bid Forms***

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**NOTICE OF SALE**  
**TOWN OF NEW MILFORD, CONNECTICUT**

**\$13,940,000**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2017**

**AND**

**\$630,000**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Bids will be received by the Town of New Milford, Connecticut (the "Issuer"), at the New Milford Town Hall, Office of the Director of Finance, 10 Main Street, New Milford, Connecticut 06776 on **Tuesday, April 11, 2017** for the purchase of:

**\$630,000 General Obligation Bond Anticipation Notes**  
**Dated: April 24, 2017**  
**Due: July 24, 2017**  
(the "Notes")

**NOT BANK QUALIFIED**

**Bid until 11:30 A.M. (E.D.T.)**

**Notes: SEALED PROPOSALS and ELECTRONIC BIDS only via *PARITY*®**

\*\*\*\*\*

**\$13,940,000 General Obligation Bonds**  
(the "Bonds")

**NOT BANK QUALIFIED**

**Bid until 12:00 Noon (E.D.T.)**

**Bonds: Only ELECTRONIC BIDS via *PARITY*®**

Separate forms of proposal will be provided for the Bonds and the Notes. Bidders may submit proposals for either the Bonds or the Notes, and are not required to submit proposals for each.

### **The Notes**

The Notes will be dated April 24, 2017, will be payable to the registered owner on July 24, 2017 and are not subject to redemption prior to maturity. They will bear interest (which interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

### **The Bonds**

The Bonds will be dated April 24, 2017, and will mature and become payable on April 15 in each of the years and in the principal amounts as follows:

Year	Amount	Year	Amount
2018	\$1,060,000	2028	\$485,000
2019	\$1,060,000	2029	\$485,000
2020	\$1,060,000	2030	\$485,000
2021	\$1,060,000	2031	\$485,000
2022	\$1,060,000	2032	\$485,000
2023	\$1,060,000	2033	\$270,000
2024	\$1,060,000	2034	\$270,000
2025	\$1,060,000	2035	\$125,000
2026	\$1,060,000	2036	\$125,000
2027	\$1,060,000	2037	\$125,000

bearing interest payable semi-annually on April 15 and October 15 in each year until maturity, commencing October 15, 2017.

### **Redemption – The Bonds**

The Bonds maturing on or before April 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on April 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after April 15, 2024, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

	<u>Redemption Dates</u>	<u>Redemption Price</u>
From:	April 15, 2024 and thereafter	100%

### **Book-Entry/Denominations**

The Bonds and Notes will be issued by means of a book-entry system with no physical distribution of bond or note certificates made to the public. The Bonds and Notes will be issued in registered form and one bond certificate for each maturity and one note certificate for each

interest rate will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. The book-entry system will evidence ownership of the Bonds and Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidders, as a condition to delivery of the Bonds and Notes, will be required to deposit the bond and note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds and Notes will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds and Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

### **Submitting Proposals - Bonds**

Proposals for the purchase of the Bonds will be accepted **only** electronically via **PARITY**<sup>®</sup>, and must be in the form of proposal for purchase attached hereto. Each bid must be for the entire \$13,940,000 of bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum; provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of 360-day year consisting of twelve 30-day months. No bid for less than par and accrued interest will be considered. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purposes of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to April 24, 2017, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to April 24, 2017, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

See "Electronic Proposals Bidding Procedure" for submitting a proposal electronically.

### **Submitting Proposals - Notes**

Written proposals for the purchase of said Notes must be in the form of proposal for purchase attached hereto; or may be submitted electronically **only** via **PARITY**<sup>®</sup>. A proposal may be for all or any part of the Notes but any proposal for a part must be for a minimum of \$100,000, of principal amount per interest rate bid, or a whole multiple thereof, except that one

such proposal for a part may include the odd \$130,000, of the principal per interest rate bid, and the total of all principal amounts bid shall not exceed \$630,000.

Written proposals for the Notes must be in the form of proposal for purchase attached hereto and enclosed in sealed envelopes marked "Proposal for Notes", and addressed to David R. Gronbach, Mayor and W. Lee Palmer, Director of Finance, Town of New Milford, c/o New Milford Town Hall, Office of the Director of Finance, 10 Main Street, New Milford, Connecticut 06776. See "Electronic Proposals Bidding Procedure" for submitting a proposal electronically.

Unless all bids are rejected the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. The purchase price must be paid in Federal Funds.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Bonds and/or Notes must be submitted on Tuesday, April 11, 2017 through the facilities of **PARITY®** until:

11:30 A.M. (E.D.T.) Notes

12:00 Noon (E.D.T.) Bonds

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

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

of **PARITY**® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.

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

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

### **Award**

The Bonds and Notes will be awarded or all bids will be rejected promptly after each respective bid opening and not later than 4:00 P.M. (Hartford time) on April 11, 2017. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

### **Legal Opinion**

The legality of the issues will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidders will be furnished with their opinion without charge.

The Bonds and Notes will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay to the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The legal opinion will further state that, under existing statutes and court decisions interest on the **Bonds** and the **Notes** (i) is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item for purposes of computing the Federal alternative minimum tax; such interest is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations under the Code.

Under existing statutes, the interest on the **Bonds** and **Notes** is **excluded** from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Bonds and Notes, and further, will assume continuing compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

#### **Reoffering Price Certification**

IT SHALL BE THE RESPONSIBILITY OF THE WINNING BIDDER OF THE BONDS AND OF THE NOTES TO CERTIFY TO THE ISSUER BEFORE DELIVERY OF THE BONDS AND OF THE NOTES AND IN A MANNER SATISFACTORY TO BOND COUNSEL THE PRICES AT WHICH A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH MATURITY AND OF THE NOTES WERE INITIALLY OFFERED AND SOLD TO THE PUBLIC.

#### **Documentation to Winning Bidders**

The winning bidders will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to said firm, a confirmed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

#### **Certifying/Paying Agent**

The Bonds and Notes will be certified by U.S. Bank National Association.

### **Bank Qualification**

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

### **Delivery and Payment**

The Bonds and Notes will be delivered to DTC or its Agent via “Fast” on or about April 24, 2017. The deposit of the Bonds and Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds and Notes prior to delivery, and the Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds and Notes with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for the purchaser.

### **Deemed Final; Pricing Information**

The Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Issuer will provide to the winning bidder of the Bonds 25 copies, and 5 copies to each winning bidder of the Notes, of the Official Statement prepared at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds and Notes.

### **Continuing Disclosure**

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide with respect to the Bonds (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain listed events; and (iii) timely notice of its failure to provide such annual financial information. With respect to the Notes, the Issuer will undertake in a Continuing Disclosure Agreement to provide timely notice of the occurrence of certain listed events. The winning bidder's obligation to purchase the Bonds and Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and Notes, an executed copy of the Continuing Disclosure Agreement.

### **More Information**

For more information regarding this issue and the Issuer, reference is made to the Official Statement. Bid forms and copies of the Official Statement dated April 3, 2017, may be obtained

from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, (203) 283-1110.

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David R. Gronbach  
Mayor

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W. Lee Palmer  
Director of Finance

April 3, 2017

(See attached for forms of Proposal for Purchase)

PROPOSAL FOR BONDS  
[ONLY Electronic Bids via **PARITY**® Accepted]

April 11, 2017

David R. Gronbach, Mayor  
W. Lee Palmer, Director of Finance  
Town of New Milford  
c/o New Milford Town Hall  
Office of the Director of Finance  
10 Main Street  
New Milford, Connecticut 06776

Gentlemen:

Subject to the provisions of the Notice of Sale dated April 3, 2017, which Notice is made a part of this proposal, we offer to purchase all \$13,940,000 bonds of the Town of New Milford, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$\_\_\_\_\_, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2018	\$1,060,000	_____ %	2028	\$485,000	_____ %
2019	\$1,060,000	_____ %	2029	\$485,000	_____ %
2020	\$1,060,000	_____ %	2030	\$485,000	_____ %
2021	\$1,060,000	_____ %	2031	\$485,000	_____ %
2022	\$1,060,000	_____ %	2032	\$485,000	_____ %
2023	\$1,060,000	_____ %	2033	\$270,000	_____ %
2024	\$1,060,000	_____ %	2034	\$270,000	_____ %
2025	\$1,060,000	_____ %	2035	\$125,000	_____ %
2026	\$1,060,000	_____ %	2036	\$125,000	_____ %
2027	\$1,060,000	_____ %	2037	\$125,000	_____ %

\_\_\_\_\_  
(Name of Bidder)

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Facsimile Number)

The following is our computation of the interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$13,940,000 bonds under the foregoing proposal:

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Percent True Interest Cost	_____ %
	(Four Decimals)

PROPOSAL FOR NOTES  
[Sealed Proposals or Electronic Bids via **PARITY**® Accepted]

April 11, 2017

David R. Gronbach, Mayor  
W. Lee Palmer, Director of Finance  
Town of New Milford  
c/o New Milford Town Hall  
Office of the Director of Finance  
10 Main Street  
New Milford, Connecticut 06776

Gentlemen:

Subject to the provisions of the Notice of Sale dated April 3, 2017, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of \$630,000 of Town of New Milford, Connecticut General Obligation Bond Anticipation Notes and to pay therefor par and accrued interest, if any, to the date of delivery, and pay the premium specified below, if any (and we provide our computations of net interest cost carried to four decimals and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal) as follows:

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in Federal Funds on the date of the Notes or as soon thereafter (but no later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Issuer.

\_\_\_\_\_  
(Name of Bidder)

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Facsimile Number)