

## Final Official Statement Dated July 11, 2019

**REFUNDING / NEW MONEY ISSUE: Book-Entry-Only**

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

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds and the Notes are not "private activity bonds" and interest on the Bonds and the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes 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 "Opinion of Bond Counsel and Tax Status" herein.)



### **Town of New Milford, Connecticut** **\$8,835,000** **General Obligation Bonds, Issue of 2019, Series A**

**Dated: Date of Delivery**

**Due: July 15, 2020-2039,**  
**As shown on the inside cover hereof:**

The Series A Bonds will bear interest payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2020.

The Series A Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.

### **FIDELITY CAPITAL MARKETS**

**\$2,270,000**

### **General Obligation Refunding Bonds, Issue of 2019, Series B**

**Dated: Date of Delivery**

**Due: July 15, 2020-2030,**  
**As shown on the inside cover hereof:**

The Series B Bonds will bear interest payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2020.

The Series B Bonds are NOT subject to redemption prior to maturity.

### **FIDELITY CAPITAL MARKETS**

**\$11,000,000**

### **General Obligation Bond Anticipation Notes**

**Dated: July 25, 2019**

**Due: July 24, 2020**

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated July 2, 2019.

The Notes are not subject to redemption prior to maturity.

## **Jefferies**

The Series A Bonds and the Series B Bonds (collectively, the "Bonds") and the Notes are issuable only as fully-registered bonds and notes, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner or noteowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds and the Notes. Purchases of the Bonds and the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds or the Notes. So long as Cede & Co. is the Bondowner and Noteowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds and the Notes. See "Book-Entry-Only Transfer System" herein.

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

U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103 will serve as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes. They will also serve as Escrow Agent for the Series B Bonds.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC in New York, New York on or about July 25, 2019.

**Town of New Milford, Connecticut**  
**\$8,835,000**  
**General Obligation Bonds, Issue of 2019, Series A**

**Dated:** *Date of Delivery*

**Due: July 15,**  
**as shown below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
2020	\$ 890,000	5.000%	1.050%	647480SF0	2030	\$ 365,000	2.125%	2.220%	647480SR4
2021	890,000	5.000%	1.100%	647480SG8	2031*	365,000	3.000%	2.220%	647480SS2
2022	890,000	5.000%	1.110%	647480SH6	2032*	360,000	3.000%	2.350%	647480ST0
2023	365,000	5.000%	1.120%	647480SJ2	2033*	360,000	3.000%	2.450%	647480SU7
2024	365,000	5.000%	1.160%	647480SK9	2034*	360,000	3.000%	2.520%	647480SV5
2025	365,000	5.000%	1.230%	647480SL7	2035*	360,000	3.000%	2.600%	647480SW3
2026	365,000	5.000%	1.300%	647480SM5	2036*	360,000	3.000%	2.680%	647480SX1
2027*	365,000	4.000%	1.450%	647480SN3	2037*	360,000	3.000%	2.750%	647480SY9
2028*	365,000	4.000%	1.540%	647480SP8	2038*	360,000	3.000%	2.800%	647480SZ6
2029	365,000	2.125%	2.140%	647480SQ6	2039*	360,000	3.000%	2.850%	647480TA0

\* Priced assuming redemption on July 15, 2026; however, any such redemption is at the option of the Town.

**FIDELITY CAPITAL MARKETS**

**\$2,270,000**  
**General Obligation Refunding Bonds, Issue of 2019, Series B**

**Dated:** *Date of Delivery*

**Due: July 15,**  
**as shown below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
2020	\$ 290,000	5.000%	1.050%	647480TB8	2026	\$ 220,000	5.000%	1.290%	647480TH5
2021	210,000	5.000%	1.080%	647480TC6	2027	220,000	5.000%	1.350%	647480TJ1
2022	210,000	5.000%	1.100%	647480TD4	2028	220,000	5.000%	1.430%	647480TK8
2023	215,000	5.000%	1.110%	647480TE2	2029	125,000	5.000%	1.520%	647480TL6
2024	215,000	5.000%	1.140%	647480TF9	2030	125,000	5.000%	1.600%	647480TM4
2025	220,000	5.000%	1.220%	647480TG7					

**FIDELITY CAPITAL MARKETS**

**\$11,000,000**  
**General Obligation Bond Anticipation Notes**

**Dated:** **July 25, 2019**  
**Rate:** **1.50%**  
**Yield:** **1.33%**

**Due:** **July 24, 2020**  
**CUSIP:** **647480TN2**  
**Underwriter:** **Jefferies**

<sup>1</sup> Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

No dealer, broker, 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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## Series A Bond Issue Summary

The information in this Series A 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>	Thursday, July 11, 2019 at 11:30 A.M. (E.D.T.).
<b>Location of Sale:</b>	Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of New Milford, Connecticut (the "Town").
<b>Issue:</b>	\$8,835,000 General Obligation Bonds, Issue of 2019, Series A (the "Series A Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	January 15, 2020 and semiannually thereafter on July 15 and January 15, in each year until maturity.
<b>Principal Due:</b>	Principal due serially July 15, 2020 through July 15, 2039.
<b>Purpose:</b>	The Series A Bond proceeds will be used to fund various general purpose capital projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Series A Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
<b>Security:</b>	The Series A 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 Series A 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 Appendix B "Opinion of Bond Counsel and Tax Status".
<b>Bank Qualification:</b>	The Series A 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 Series A 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 certain events with respect to the Series A 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>	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 25, 2019. Delivery of the Series A Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. Gregory Osipow, Director of Finance, New Milford Town Hall, 10 Main Street, New Milford, Connecticut 06776. Telephone (860) 355-6066.

## Series B Bond Issue Summary

The information in this Series B 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>	Thursday, July 11, 2019 at 12:00 Noon (E.D.T.).
<b>Location of Sale:</b>	Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of New Milford, Connecticut (the "Town").
<b>Issue:</b>	\$2,270,000 General Obligation Refunding Bonds, Issue of 2019, Series B (the "Series B Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	January 15, 2020 and semiannually thereafter on July 15 and January 15, in each year until maturity.
<b>Principal Due:</b>	Principal due serially July 15, 2020 through July 15, 2030.
<b>Purpose:</b>	The Series B Bond proceeds will be used refund bonds previously issued to fund various general purpose projects. See "Authorization and Purpose" and "Plan of Refunding" herein.
<b>Redemption:</b>	The Series B Bonds are <u>not</u> subject to redemption prior to maturity.
<b>Security:</b>	The Series B 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 Series B Bonds when due.
<b>Credit Rating:</b>	The Series B 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 Appendix B "Opinion of Bond Counsel and Tax Status".
<b>Bank Qualification:</b>	The Series B 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 Series B 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 certain events with respect to the Series B 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, Paying Agent and Escrow 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>	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Series B Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 25, 2019. Delivery of the Series B Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. Gregory Osipow, 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>	Thursday, July 11, 2019 at 11:00 A.M. (E.D.T.).
<b>Location of Sale:</b>	Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of New Milford, Connecticut (the "Town").
<b>Issue:</b>	\$11,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	At maturity: July 24, 2020.
<b>Purpose:</b>	The Note proceeds will be used to finance road and roof improvement projects.
<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 <u>not</u> expect to direct purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See Appendix B "Opinion of Bond Counsel and Tax Status".
<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 certain 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>	Day Pitney LLP, 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 July 25, 2019. 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. Gregory Osipow, 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 \$8,835,000 General Obligation Bonds, Issue of 2019, Series A (the "Series A Bonds"), \$2,270,000 General Obligation Refunding Bonds, Issue of 2019, Series B (the "Series B Bonds" and collectively with the Series A Bonds, the "Bonds") and \$11,000,000 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. Notices of Sale dated July 2, 2019 have been furnished to prospective bidders and are included herein as Appendices D-1, D-2 and D-3 for the Bonds and for the Notes. Reference is made to the Notices 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. They will also serve as Escrow Agent for the Series B Bonds.

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 2018 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 in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Opinion of Bond Counsel and Tax Status" herein), 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.

### ***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.



**Description of the Bonds**

The Bonds will be dated July 25, 2019 and will bear interest at the rates per annum specified on the inside cover page, payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2020. 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.

**Redemption Provisions**

The Series A Bonds maturing on or before July 15, 2026 are not subject to redemption prior to maturity. The Series A Bonds maturing on July 15, 2027 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2026, 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 Series A 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 Prices</u>
July 15, 2026 and thereafter .....	100%

**The Series B Bonds are not subject to redemption prior to maturity.**

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 of the Series A Bonds at the address of such registered owner as the same shall last appear on the registration books for the Series A 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 Series A Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Series A Bonds of any one maturity shall be called for redemption, the particular Series A Bonds or portions of the Series A 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 Series A Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Series A Bonds for redemption, each Bond shall be considered as representing that number of Series A 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 Series A Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Series A Bonds called for redemption. Redemption of portions of the Series A 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 Direct Participants in the Series A Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Series A Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Series A Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

## **Description of the Notes**

The Notes will be dated July 25, 2019 and will be due and payable as to both principal and interest at maturity, July 24, 2020. 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 for the Bonds and the Notes will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103. They will also act as Escrow Agent for the Series B Bonds.

The legal opinion for the Bonds and the Notes will be rendered by Day Pitney LLP in substantially the form set forth in Appendix B to this Official Statement.

## **Authorization and Purpose**

**\$910,000 Bridge Improvements:** Bonds are being issued for bridge improvements pursuant to an appropriation of \$4,370,000 and borrowing authorization of \$4,370,000 as approved at a Special Town Meeting held April 12, 2017.

**\$1,575,000 Road Improvements:** Bonds are being issued for improvements to various Town roads pursuant to an appropriation of \$2,100,000 and borrowing authorization of \$2,100,000 as approved at a Special Town Meeting held April 12, 2017.

**\$350,000 Park Improvements:** Bonds are being issued for Lynn Deming improvements pursuant to an appropriation of \$350,000 and borrowing authorization of \$350,000 as approved at a Special Town Meeting held April 12, 2017.

**\$6,000,000 Road and Bridge Improvements (2018):** Bonds are being issued for improvements to various Town roads and bridges pursuant to an appropriation of \$6,000,000 and borrowing authorization of \$6,000,000 as approved at a Special Town Meeting held April 9, 2018.

**\$6,000,000 Road Improvements (2019):** Notes are being issued for improvements to various Town roads pursuant to an appropriation of \$10,000,000 and borrowing authorization of \$10,000,000 as approved at a Special Town Meeting held May 28, 2019.

**\$5,000,000 Roof Repairs and Improvements:** Notes are being issued for improvements to various Town and School roofs pursuant to an appropriation of \$5,000,000 and borrowing authorization of \$5,000,000 as approved at a Special Town Meeting held May 28, 2019.

**Use of Series A Bonds and Note 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 Series A Bonds and Notes are expected to finance the following projects.

<b>Project</b>	<b>Amount Authorized</b>	<b>Notes Due: 7/25/2019</b>	<b>New Money/ (Paydowns)</b>	<b>This Issue</b>	
				<b>Series A Bonds</b>	<b>The Notes: Due: 7/24/2020</b>
Bridge Improvements.....	\$ 4,370,000	\$ 910,000	\$ -	\$ 910,000	\$ -
Road Improvements.....	2,100,000	2,100,000	(525,000)	1,575,000	-
Park Improvements.....	350,000	350,000	-	350,000	-
Road & Bridge Improvements (2018).....	6,000,000	4,000,000	2,000,000	6,000,000	-
Road Improvements (2019).....	10,000,000	-	6,000,000	-	6,000,000
Roof Repairs & Improvements.....	5,000,000	-	5,000,000	-	5,000,000
<b>Total .....</b>	<b>\$ 27,820,000</b>	<b>\$ 7,360,000</b>	<b>\$ 12,475,000</b>	<b>\$ 8,835,000</b>	<b>\$ 11,000,000</b>

**Authorization and Purpose – Series B Bonds**

The Series B Bonds are issued pursuant to section 7-370c of the General Statutes of Connecticut, as amended and to a resolution authorizing the issuance of refunding bonds adopted by the Town Council on June 10, 2019 in a amount not to exceed \$3,000,000.

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## Plan of Refunding

The Series B Bonds are being issued to current refund, as appropriate, all or any portion of the aggregate principal amount outstanding of certain Town of New Milford General Obligation Bonds. See “Plan of Refunding” herein. The refunding is contingent upon the delivery of the Series B Bonds.

<i>Issue</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Redemption Date</i>	<i>Redemption Price</i>	<i>CUSIPs</i>
2008	7/29/2008	7/15/2020	4.000%	\$ 100,000	9/1/2019	100.00%	647480PM8
		7/15/2021	4.000%	100,000	9/1/2019	100.00%	647480PN6
		7/15/2022	4.000%	100,000	9/1/2019	100.00%	647480PP1
		7/15/2023	4.125%	100,000	9/1/2019	100.00%	647480PQ9
		7/15/2024	4.200%	100,000	9/1/2019	100.00%	647480PR7
		7/15/2025	4.250%	100,000	9/1/2019	100.00%	647480PS5
		7/15/2026	4.300%	100,000	9/1/2019	100.00%	647480PT3
		7/15/2027	4.375%	100,000	9/1/2019	100.00%	647480PU0
		7/15/2028	4.375%	100,000	9/1/2019	100.00%	647480PV8
<b>Total .....</b>				<b>\$ 900,000</b>			
2010	7/27/2010	7/15/2020	2.750%	\$ 235,000	9/1/2019	100.00%	647480QH8
		7/15/2021	3.000%	150,000	9/1/2019	100.00%	647480QJ4
		7/15/2022	3.000%	150,000	9/1/2019	100.00%	647480QK1
		7/15/2023	3.125%	150,000	9/1/2019	100.00%	647480QL9
		7/15/2024	3.250%	150,000	9/1/2019	100.00%	647480QM7
		7/15/2025	3.375%	150,000	9/1/2019	100.00%	647480QN5
		7/15/2026	3.500%	150,000	9/1/2019	100.00%	647480QP0
		7/15/2027	3.500%	150,000	9/1/2019	100.00%	647480QQ8
		7/15/2028	3.500%	150,000	9/1/2019	100.00%	647480QR6
		7/15/2029	3.625%	150,000	9/1/2019	100.00%	647480QS4
		7/15/2030	3.750%	150,000	9/1/2019	100.00%	647480QT2
<b>Total .....</b>				<b>\$ 1,735,000</b>			
<b>Grand Total .....</b>				<b>\$ 2,635,000</b>			

Upon delivery of the Series B Bonds, a portion of the Series B Bond proceeds will be deposited in an irrevocable escrow fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as Escrow Agent (the “Escrow Agent”) under an Escrow Trust Agreement (the “Escrow Agreement”) dated as of the Date of Delivery between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase shares in the State of Connecticut’s Short Term Investment Fund (the “Escrow Securities”). The maturing principal of and interest on the Escrow Securities when due, together with uninvested money then held in the Escrow Deposit Fund, if any, will provide amounts sufficient to pay principal, interest, and redemption premium, if any, on the Refunded Bonds to the redemption dates (the “Escrow Requirement”). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Series B Bonds will be used to pay costs of issuance and Underwriter’s discount.

## Verification of Mathematical Computations

The accuracy of the mathematical computations regarding (i) the adequacy of maturing principal of and interest earned on the Escrow Securities deposited with the Escrow Agent to pay, when due, the principal of, accrued interest and redemption premium on the Refunded Bonds on the redemption dates and (ii) the yield on the Series B Bonds and the securities and moneys in the Escrow Deposit Fund and (iii) net present value savings, will be verified by AMTEC of Avon, Connecticut (the "Verification Agent"). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Municipal Advisor. AMTEC will express no opinion on the assumptions provided to them. Bond Counsel in rendering its opinion described herein will rely on the verification report.

## Sources and Uses of Bond Proceeds – Series B

<b>Sources:</b>	<u><b>This Issue</b></u>
Par Amount of the Bonds .....	\$ 2,270,000.00
Net Original Issue Premium .....	<u>434,509.00</u>
<b>Total Sources</b> .....	<b>\$ 2,704,509.00</b>
<b>Uses:</b>	
Deposit to Escrow Deposit Fund .....	\$ 2,647,078.20
Costs of Issuance .....	50,749.05
Underwriter's Discount .....	<u>6,681.75</u>
<b>Total Uses</b> .....	<b>\$ 2,704,509.00</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 Bonds and the Notes will be issued as fully-registered Bonds and Notes 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. For the Notes, one fully-registered Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Series A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes 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 Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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 the Town 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 General Statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income 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 and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any 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.

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

## **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 Disclosure 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 in the forms attached as Appendices C-1 and C-2 to this Official Statement. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data with respect to the Bonds, (ii) information timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. 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). In the past five years, 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.

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## II. The Issuer



## Connecticut

### **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. Candlewood Lake is a manmade lake located in Fairfield and Litchfield counties of western Connecticut, in the northeastern United States. At 8.4 square miles (22 km<sup>2</sup>), it is the largest lake in Connecticut. The lake is bordered by five towns: Brookfield, Danbury, New Fairfield, New Milford, and Sherman. Some of the most expensive real estate in Connecticut is located on the shores of the lake. Candlewood Lake is a popular tourist destination, and the area is home to many second homes of New York City residents. The lake is used for recreation year-round, although tourists primarily come during the summer months for swimming, fishing, boating, and golfing. Along its approximately 60-mile (97 km) shoreline are tourist resorts and recreational facilities, including golf courses, beaches, and marinas.

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. Other newly completed developments 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 settled and shifted with the opening of this new intersection, in 2013 the Town hired a traffic consulting firm to assess future needs and the impact of traffic in the downtown Village Center. The Town of New Milford Transportation and Management Plan was completed in 2013. Execution of the Plan is underway, with some of the projects outlined in the plan completed – such as the new roundabout at the Still River Drive/Pickett District Road intersection, and others are in the design phase, such as the East Street/Elm Street intersection realignment.

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 Eversource is 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. In 2016 the \$12 million, 11,000 square foot, Arnhold Emergency Department at New Milford Hospital was completed. The new emergency department represents the largest expansion in the Hospital's history as it has doubled in size and is expected to serve more than 20,000 patients each year from Connecticut and Eastern New York State.

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, in 2007 completed an independent study of the commercial and industrial areas of the Town, to devise a comprehensive strategic economic development plan. In that study, several areas of Town were identified as presenting good additional growth potential. The Town has recently identified the need for an independent Market Analysis and Economic Feasibility Strategy to inform, guide and assist the Town in the development of a Riverfront Revitalization Plan and in updating its Plan of Conservation and Development. The intent of the Market Analysis is to increase the understanding of New Milford's current economic structure and then to identify target economic opportunities that are both realistic, feasible and compatible with each other – and with the historic and natural assets of the Town. Existing and emerging market sectors will be identified and discussed in terms of their potential to expand or grow within the Town. The Town issued an RFP for the Market Analysis which was recently awarded to Camoin 310. The Market Analysis is to be completed by August 2019.

The Town was recently awarded at \$170,000 Brownfield Area-Wide Revitalization Planning Grant by the Connecticut DECD to develop a comprehensive Master Plan for the remediation and redevelopment of New Milford's downtown Housatonic Riverfront Corridor, which is home to multiple brownfield sites, including the Century Enterprise site, and to provide linkages to the historic Downtown Village Center. The project goal is to unite the Downtown with the Housatonic Riverfront Corridor and transform 20th-century industrial properties into a 21st-century magnet attracting entrepreneurs, clean industry, businesses and tourists by leveraging underutilized natural resources and remediated brownfields, which in turn will provide the community with new tax revenues and family-wage-earning jobs. This Master Plan will assess remediation needs for brownfield clusters along the River Corridor that inhibit economic growth and detail a redevelopment program to restore public access to the River and serve as a catalyst for economic development. This process and the resulting document(s) will serve to strengthen the function, sense of place, economic vitality, and transportation infrastructure of the study area creating a blueprint for revitalization with a focus on high quality reuse of town-owned and private properties and provide specific recommendation to guide public and private investments and identify economic opportunity. The Master Plan project was recently awarded to WXY Studio. The Master Plan project kicked off in April of 2019 and should be completed in early 2020.

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.

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.

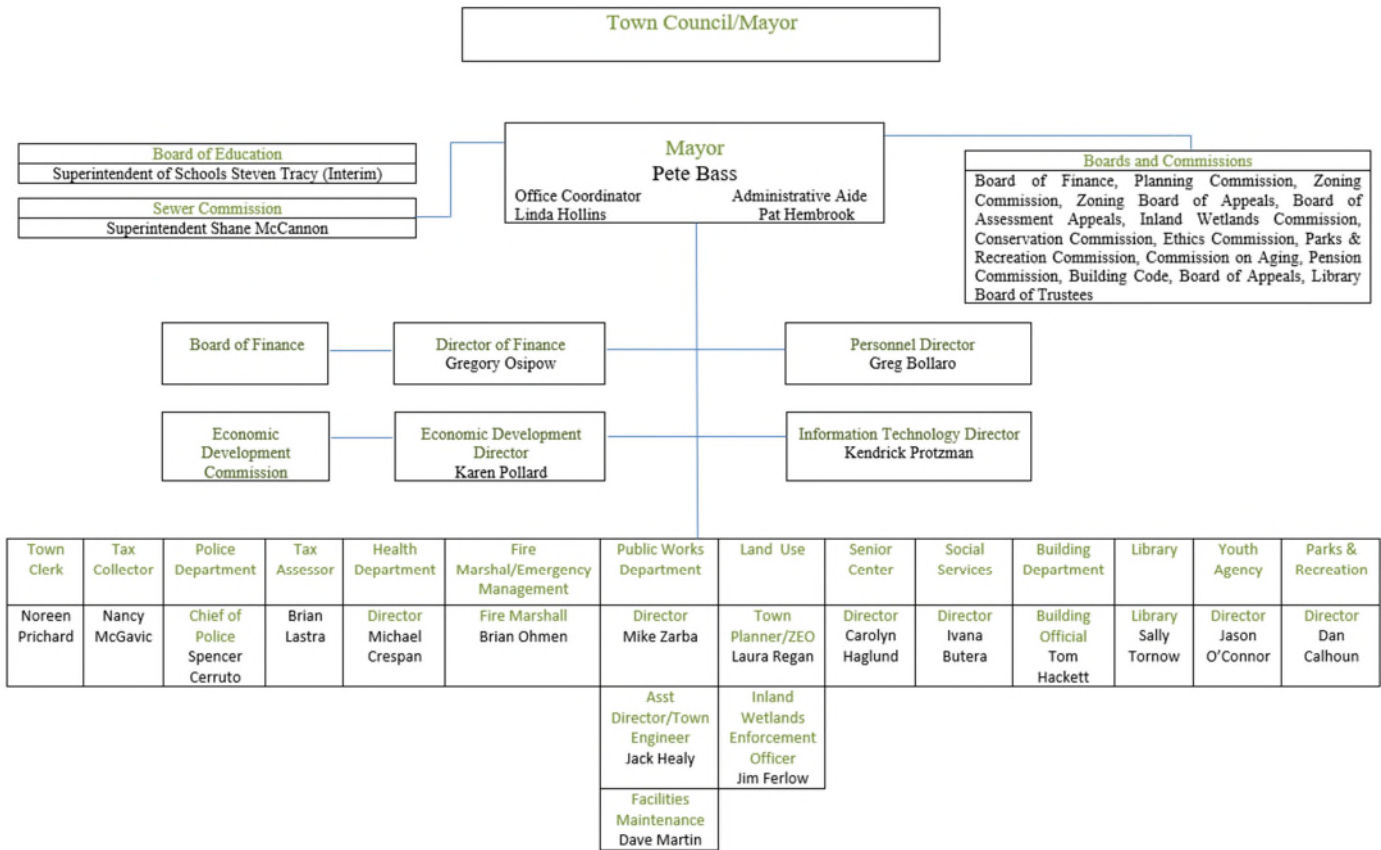
Other initiatives, such as the New Milford Hospital-led Plow-to-Plate Coalition is seeking to help preserve working farms by encouraging the consumption of healthier, locally grown produce. The goal is to create jobs and improve market opportunities for local farmers and promote a healthy community.

Mayor Pete Bass has reorganized the Economic Development Department to become more effective in business attraction and a new Economic Development Director was hired in April 2019. The Director has twenty years of high-level attraction experience in New York, Minnesota, and New Hampshire adding hundreds of millions in Grand List growth to the communities she has served. The Community Investment Officer (CIO) and the town's Grant & Compliance Specialist now report to her. The CIO has a major focus of the POCD and BAR Grant including the market study that pairs with that effort. The new Director is initiating a business attraction program as well as a business retention program, meeting with existing industries and professional firms.

### ***Form of Government***

Pursuant to its Town Charter adopted November 4, 1986, and amended November 6, 2018 - effective December 6, 2018, New Milford operates under a Mayor/Town Council/Board of Finance/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, which serves the function equivalent of a Board of Selectmen, consists of nine members elected biennially to two-year terms. The Council is the extension of the legislative body of the Town, charged with enacting ordinances, creating temporary town committees, contracting for services with the federal and state government, fixing charges for town services, and considering Mayoral appointments. Town Meetings authorize budget approval, issuance of bonds/notes, supplemental appropriations, real estate purchases/leases, establishment or abolishment of Town boards/commissions, and may consider overruling the Town Council upon the timely filing of a petition with requisite number of signatures. The Board of Finance serves as the fiduciary body and exercises certain budgetary powers in conjunction with the Town Council. See "Budget and Bond Authorization Procedures."

# Organizational Chart



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## **Town Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Term Expiration</b>
Mayor.....	Pete Bass	Elected	11/30/19
Tax Collector.....	Nancy E. McGavic	Elected	11/30/19
Town Clerk.....	Noreen H. Prichard	Elected	11/30/19
Superintendent of Schools.....	Dr. Stephen Tracy	Appointed	06/30/19
Assessor.....	Brian Lastra	Appointed	-
Director of Finance.....	Gregory Osipow	Appointed	-
Comptroller .....	Olga Alizarchyk	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 Agency is organized into three Divisions: Field Operations, Detective and Administrative Divisions.

The Office of Field Services is overseen by 1 Lieutenant and it is responsible for all patrol activity. The 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, (3) K-9 Units, a Dive Team, Motor Vehicle Crash Investigation Team and Traffic Safety. The Detective Division which is the investigative division of the agency, 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 of approximately 5.3 million dollars. The agency has an authorized complement of 50 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 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 to meet the ever changing demands placed upon law enforcement and ever improvement of service deliverability.

The Department has a Youth Detective 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 Detective Division consists of a Detective Lieutenant, a Detective Sergeant and five Detectives.

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 has equipped all front line patrol vehicles with a 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 courtroom 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 (3) 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 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 a Wastewater Treatment Facility at 123 West Street in New Milford, CT. This facility removes over 99% of the regulated pollutants that enter the facility to comply with the NPDES permit guidelines issued by EPA/CT DEEP. The most recent facility upgrade included processes to remove additional nutrient pollutants, Nitrogen and Phosphorus. Nutrients are detrimental to the aquatic life of both the Housatonic River and Long Island Sound. The Facility is designed and permitted to treat a maximum daily total of 2.0 million gallons per day of domestic sewage with actual flows in excess of 265 million gallons per year. The facility also treats over 10 million gallons of septic waste per year and liquid waste streams from local generators of fats, oils and grease such as food preparation establishments. The treatment process will generate over 3,000 wet tons of sludge per year as a waste product which is ultimately incinerated. The Authority and its nine (9) employees also operate and maintain over 42 miles of sewer line and 14 associated pumping stations that convey the sewage from different ends of Town to the facility.

**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, textiles and E-waste. 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 2018-19 are \$88.21/ton for MSW, \$10.00/ton for single stream recyclables, and \$88.21/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 2018-19 tipping fee for solid waste generated in New Milford is \$88.21 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 and natural gas are provided by Eversource; phone service by GTT, Dynalink, Frontier, Avaya, and Verizon.

**Parks and Recreation** – The New Milford Parks and Recreation Department is responsible for the care, management, maintenance, and control of 20 Town park facilities totaling over 500 acres. Included in these parks are 10 baseball/softball fields, two tennis courts, two basketball courts, five playgrounds, a paved river trail, canoe/kayak storage racks, an extensive passive trails system, numerous picnic areas, five soccer fields, a beach on Candlewood Lake, two boat ramps, 83 boat slips, two kayak ramps, swim team docks with lane lines, a bath house, five pavilions, four freshwater ponds, two fishing docks, and access to the Housatonic River at five parks.

The mission of the New Milford Parks and Recreation Department is to provide quality leisure opportunities in a safe and healthy atmosphere and to enhance the quality of life of the community through the responsible management of parks, recreation activities and natural resources. To meet these ends, the Parks and Recreation Department attempts to provide safe and wholesome recreational services of both a passive and active nature. Our goal is to create a balance of activities, special events, and programs that are of use to any and all segments of the population.

The Parks staff maintains the lawns, parking lots and sidewalks at the Town Hall, the Probate Court building, Library, Paul S. Richmond Center, the John Pettibone Community Center, the lawns at the Police Department, Historical Society, 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, around Main, Bank, Church and Railroad Streets, Rotary Park, as well as the parking lots at the old Community Center building and the Maxx, and the sidewalks at the Public Works Department.

The Parks & Recreation Department schedules close to 50 year-round programs with numerous sessions in each program. The Parks & Recreation Department has nearly 5,000 program participants annually. The Parks & Recreation Department has a staff of approximately 143 individuals, including a Director, an Assistant Director, 2 Administrative Assistants, 5 Parks Maintainers, 3 Seasonal Maintainers, a Park Ranger, 3 Park Managers at Lynn Deming Park, 50 Playground Camp Staff, and numerous Aquatic Personnel and program instructors.

The Parks & Recreation Department is proud of our recent accomplishments including a large renovation of Lynn Deming Park. The renovation included a re-configured traffic flow pattern, additional parking, complete repaving, drainage and storm water management, led lighting, a new park maintenance building, new swim team docks with lane lines, dive docks, a fishing dock, a playground, and walking trails. We have also begun security upgrades at Lynn Deming Park that includes security lift gates, RFID tags, security cameras, and parking control software.

The Town has recently completed a section of a river trail along Young's Field Road. This included a paved walkway, plantings, picnic tables, benches, kayak racks, and a fishing/kayak dock.

The Parks & Recreation Department recently completed the renovation of the Bandstand on the Town Green.

The Parks & Recreation Commission is looking to expand park amenities and to refurbish existing properties in the future. These expansions and refurbishments include:

- Renovation and repairs to two basketball courts and 2 tennis courts.
- The repair and painting of the World War II Army Tank on the Town Green.
- Renovations at Young's Field Park including updated lighting, lighting the tennis courts, basketball courts and skateboard park, reconfigured softball fields, new fencing around the park, installation of a well, updated irrigation system, and tiered seating on the hillside.

**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 and digital 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 89,000 items including print books and magazines, as well as music cd's, dvd's, and cd audio books. The Library offers a wide range of items electronically: Ebooks, e- audiobooks, films, and music. Curated, high quality research information is available through several subscription 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, and the Library maintains a social media presence with Facebook, Twitter and Instagram accounts. Two monthly electronic newsletters are available through subscription, on our website, and through the Facebook page. A variety of Children's Programs continue to attract large numbers of participants. Adults are offered a wide array of instructional and cultural programs. The Library anticipates a renovation and expansion that will provide a unique teen area, more small meeting rooms, and additional children's space, all of which were requested by residents. The Library was one of two libraries in Connecticut to be awarded a \$1,000,000 building grant by the State of CT.

**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 under the age of 60 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, camperships and various seasonal programs. Approximately 900 local households receive the services of the department annually. FY2018-2019 brought \$313,564 of Federal and local heating assistance to 540 households and \$64,636 of State and local housing assistance to 128 households. The food bank distributed over 8500 bags of food to low-income families. Social Services continues to be active in advocating for affordable housing in New Milford, currently participating on the Housing Partnership Committee and the Housing Placement Team of Community Access Network. Social Services partners with numerous community groups, such as local Scout troops, churches, civic organizations, youth groups, schools, businesses and others to accomplish its work and provide a meaningful site for volunteerism. In the same fiscal year, Social Services averaged 115 monthly visits and logged in a total of 4664 volunteer hours, an average of 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 nine 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 56. 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 numerous 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 2018-19 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. 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 agency began a mentoring program with the high school involving 10 mentors and 10 incoming freshman. 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 180 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 24 students throughout the year. This spring, 400 children are scheduled to participate in Agricultural Educational Programs. Last summer and fall, 4,800 visitors shopped at the farm stand and the winter market was attended by 1,300 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 of seven volunteer professionals from the field of Aging. The Senior Center has been recognized by the Western CT Area Agency on Aging (WCAAA) as a focal point for the community that offers a broad range of programs and services to a diverse population of over 3500 elderly in New Milford and to their families. Services are provided by the eight full time staff members and over 70 volunteers.

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

CT State statute requires Municipal Agents for the Elderly; the town has two professionals who offer assistance in the areas of information and referrals as well as advisement in benefits and entitlements, housing, support groups and advocacy.

The Center administers the Elderly Nutrition Program through funding from WCAAA. Congregate meals are served at the Center four days per week and Meals on Wheels are delivered by volunteers to participants who are homebound.

Transportation is provided by 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 persons certified ADA by Housatonic Area Regional Transit. The majority of rides are to work, shopping and social events. All non-emergent medical appointments are coordinated with the WHEELS Program of Greater New Milford, a non-profit organization of volunteer drivers.

## 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 five schools for grades kindergarten through twelve. Enrollment in grades kindergarten through twelve as of October 1, 2018 was 3,968. The rated capacity of the system facilities is 5,590.

### School Enrollment

School Year	Historical				Special	Total
	K-3	4 - 6	7 - 8	9 - 12	Education	
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
2017-2018	865	876	1,007	1,354	32	4,134
2018-2019	834	816	990	1,328	32	4,000
School Year	Projected <sup>1</sup>				Special	Total
	K-3	4 - 6	7 - 8	9 - 12	Education	
2019-2020	828	798	943	1,354	-	3,923
2020-2021	1,042	763	597	1,332	-	3,734
2021-2022	1,067	724	550	1,305	-	3,646

<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

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2018 Enrollment <sup>1</sup>	Rated Capacity <sup>2</sup>
Hill and Plain.....	K-3	1967 (1986, 1993)	34	375	720
Northville.....	K-3	1982 (1993)	34	459	720
Sarah Noble Middle.....	4-6	1962 (2001)	63	816	1,350
Schaghticoke Middle.....	7-8	1973 (1993)	58	990	1,200
New Milford High.....	9-12	2000	84	1,328	1,600
<b>Total.....</b>			<b>273</b>	<b>3,968</b>	<b>5,590</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:

	2018	2017	2016	2015	2014
General Government.....	187	189	187	186	192
Board of Education.....	630	632	628	628	631
<b>Total.....</b>	<b>817</b>	<b>821</b>	<b>815</b>	<b>814</b>	<b>823</b>

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

Source: Town of New Milford.

### Employee Relations

	Positions Covered	Current Contract Expiration Date
<b>Board of Education Groups</b>		
New Milford Education Association, CEA-NEA.....	362	6/30/2021
New Milford School Administrators Association.....	17	6/30/2020
New Milford Educational Secretaries Association, Chapter of Local 136, I.F.P.T.E.....	42	6/30/2021
American Federation of State, County and Municipal Employees, AFL-CIO, Local 1303-154 of Council #4.....	8	6/30/2018 <sup>1</sup>
Teamsters Local 677, Food and Nutrition Services Employees.....	35	6/30/2019
New Milford Paraeducators Union Chapter 136-09, Local 136, I.F.P.T.E., AFL-CIO.....	95	6/30/2019
International Brotherhood of Teamsters, Local 677.....	44	6/30/2019
<b>Total Unionized Board of Education Employees.....</b>	<b>603</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	6/30/2020
United Public Service Employees Union, Local Unit 911.....	9	6/30/2021
International Brotherhood of Teamsters, Local 677.....	38	6/30/2019
<b>Total Unionized General Government Employees.....</b>	<b>134</b>	
Non-Union Employees.....	84	
<b>Total Union/Non-Union Employees.....</b>	<b>821</b>	

Source: Town of New Milford.

<sup>1</sup> In mediation.

### 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. 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

Year	Actual		
	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2017 <sup>3</sup>	27,380	-2.7%	425.2
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 2013-2017

#### Age Distribution of the Population

Age	Town of New Milford		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	1,009	3.7%	186,188	5.2%
5 to 9 years .....	1,431	5.2	206,536	5.7%
10 to 14 years .....	1,834	6.7	225,831	6.3%
15 to 19 years .....	1,727	6.3	249,777	6.9%
20 to 24 years .....	1,895	6.9	245,849	6.8%
25 to 34 years .....	2,924	10.7	439,239	12.2%
35 to 44 years .....	3,395	12.4	433,401	12.1%
45 to 54 years .....	4,791	17.5	535,611	14.9%
55 to 59 years .....	2,342	8.6	266,501	7.4%
60 to 64 years .....	1,989	7.3	229,788	6.4%
65 to 74 years .....	2,247	8.2	318,515	8.9%
75 to 84 years .....	1,221	4.5	167,133	4.6%
85 years and over .....	575	2.1	90,109	2.5%
<b>Total.....</b>	<b>27,380</b>	<b>100%</b>	<b>3,594,478</b>	<b>100%</b>

Median Age (Years) 2017..... 43.7 40.8

Source: American Community Survey 2013-2017

#### Income Distribution

Income	Town of New Milford		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	174	2.4%	27,787	3.1%
10,000 - 14,999.....	53	0.7	16,143	1.8%
15,000 - 24,999.....	135	1.9	41,072	4.6%
25,000 - 34,999.....	358	4.9	52,218	5.8%
35,000 - 49,999.....	524	7.2	82,371	9.2%
50,000 - 74,999.....	1,047	14.4	134,356	15.0%
75,000 - 99,999.....	1,230	17.0	122,244	13.6%
100,000 - 149,999.....	1,920	26.5	186,352	20.8%
150,000 - 199,999.....	945	13.0	100,359	11.2%
200,000 and over.....	869	12.0	132,765	14.8%
<b>Total.....</b>	<b>7,255</b>	<b>100.0%</b>	<b>895,667</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

### Income Levels

	<b>Town of New Milford</b>	<b>State of Connecticut</b>
Per Capita Income, 2017 .....	\$ 39,515	\$ 41,365
Median Family Income, 2017 .....	\$ 102,746	\$ 93,800
Percent Below Poverty (Families), 2017 .....	3.70%	7.00%

*Source: American Community Survey 2013-2017*

### 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 .....	551	2.8%	104,623	4.2%
9th to 12th grade .....	942	4.8	137,877	5.6
High School graduate .....	4,867	25.0	673,582	27.2
Some college, no degree .....	3,875	19.9	422,535	17.0
Associate's degree .....	1,515	7.8	188,481	7.6
Bachelor's degree .....	4,854	24.9	532,055	21.5
Graduate or professional degree .....	2,880	14.8	421,144	17.0
<b>Total</b> .....	19,484	100.0%	2,480,297	100.0%
Total high school graduate or higher (%) .....	92.3%		90.2%	
Total bachelor's degree or higher (%) .....	39.7%		38.4%	

*Source: American Community Survey 2013-2017*

### Major Employers As of June 2019

<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
All-Star Transportation .....	Transportation	100-249
Home Depot .....	Retail Store	100-249
MedInstill Technologies .....	Medical Technology	50-99
Edelman Leather .....	Manufacturing	50-99
Beacon Reel Company .....	Manufacturing	25-49

**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.....	122	0.8%	7,166	0.4%
Construction.....	886	5.6	104,122	5.8
Manufacturing.....	2019	12.8	191,519	10.6
Wholesale trade.....	276	1.8	44,741	2.5
Retail trade.....	2331	14.8	193,016	10.7
Transportation warehousing, and utilities....	523	3.3	68,926	3.8
Information.....	455	2.9	42,200	2.3
Finance, insurance, real estate, and leasing..	916	5.8	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	1825	11.6	208,130	11.5
Education, health and social services.....	3,802	24.2	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	1391	8.8	153,679	8.5
Other services (except public admin.).....	800	5.1	82,538	4.6
Public Administration.....	380	2.4	67,156	3.7
<b>Total Labor Force, Employed.....</b>	<b>15,726</b>	<b>100%</b>	<b>1,805,086</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

**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>
April 2019 .....	14,582	403	2.7	2.7	3.3
<b>Annual Average</b>					
2018.....	14,637	547	3.6	3.4	4.1
2017.....	15,005	630	4.0	3.9	4.7
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

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 .....	12,602	82.3%	1,387,093	78.2%
Car pools .....	1,465	9.6	143,925	8.1
Used public transportation .....	237	1.5	86,778	4.9
Walked .....	226	1.5	51,059	2.9
Used other means .....	71	0.5	19,988	1.1
Worked at home .....	703	4.6	85,156	4.8
<b>Total .....</b>	<b>15,304</b>	<b>100.0%</b>	<b>1,773,999</b>	<b>100.0%</b>
Mean travel to work (minutes)		29.6		26.0

Source: American Community Survey 2013-2017



## 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.....	1,842	15.9%	338,011	22.4%
1940 to 1969.....	3,264	28.2	535,477	35.5
1970 to 1979.....	1,907	16.5	200,217	13.3
1980 to 1989.....	2,018	17.4	191,939	12.7
1990 to 1999.....	1,410	12.2	114,261	7.6
2000 or 2009.....	1,028	8.9	105,131	7.0
2010 or later.....	99	0.9	22,675	1.5
<b>Total Housing Units.....</b>	<b>11,568</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

## 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.....	8,310	71.8%	892,621	59.2%
1-unit, attached.....	520	4.5	81,393	5.4
2 units.....	585	5.1	123,040	8.2
3 or 4 units.....	560	4.8	130,914	8.7
5 to 9 units.....	550	4.8	82,787	5.5
10 to 19 units.....	621	5.4	56,540	3.8
20 or more units.....	375	3.2	128,477	8.5
Mobile home.....	47	0.4	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
<b>Total Inventory.....</b>	<b>11,568</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

## 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 .....	10,274	88.8%	1,361,755	90.3%
Vacant housing units .....	1,294	11.2%	145,956	9.7%
<b>Total units .....</b>	<b>11,568</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>
Homeowner vacancy rate .....		0.8		1.9
Rental vacancy rate .....		3.1		6.6

Source: American Community Survey 2013-2017

## Owner Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<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 \$50,000.....	292	3.7%	24,038	2.7%
\$50,000 to \$99,000.....	218	2.7	29,789	3.3
\$100,000 to \$149,999.....	379	4.7	83,320	9.2
\$150,000 to \$199,000.....	629	7.9	141,024	15.6
\$200,000 to \$299,999.....	2,788	34.9	244,356	26.9
\$300,000 to \$499,999.....	3,057	38.3	236,671	26.1
\$500,000 to \$999,999.....	431	5.4	106,192	11.7
\$1,000,000 or more.....	194	2.4	41,408	4.6
<b>Total.....</b>	<b>7,988</b>	<b>100.0%</b>	<b>906,798</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$289,100</b>		<b>\$270,100</b>	

Source: American Community Survey 2013-2017

## Number and Size of Households

<b>Household Characteristics</b>	<b>Town of New Milford</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Persons in households .....	27,084	–	3,478,451	–
Persons per household (average) ....	2.64	–	2.55	–
Persons per family (average) .....	3.13	–	3.15	–
Family households .....	7,255	70.6%	895,667	65.8%
Non-family households .....	3,019	29.4%	466,088	34.2%
<b>All households .....</b>	<b>10,274</b>	<b>100.0%</b>	<b>1,361,755</b>	<b>100.0%</b>
<i>Family households by type</i>				
Married couple .....	5,735	79.0%	664,661	74.2%
Female householders, no spouse ...	1012	13.9%	171,544	19.2%
Other .....	508	7.0%	59,512	6.6%
<b>Total family households .....</b>	<b>7,255</b>	<b>100.0%</b>	<b>895,717</b>	<b>100.0%</b>
<i>Non-family households by type</i>				
Householders living alone .....	2,313	76.6%	383,275	82.2%
Other .....	706	23.4%	82,813	17.8%
<b>Total non-family households .....</b>	<b>3,019</b>	<b>100.0%</b>	<b>466,088</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

## **Building Permits**

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

<i>Fiscal</i> <b>Year</b>	<b>Permits</b>	<b>Total Value</b>
2019 <sup>1</sup>	1,241	\$ 25,332,769
2018	1,512	28,093,835
2017	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

<sup>1</sup> Represents July 1, 2018 through April 25, 2019.

Source: Town of New Milford, Building Official

## **Land Use Breakdown**

<i>Land Use</i> <b>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 2010 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. In 2018, a 13-member 2020 Plan of Conservation and Development sub-committee was appointed by the Planning Commission to spearhead the plan update, which is to be approved by the Planning Commission in the first half of 2020. The Plan is being updated in-house, led by town staff.

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.

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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 Vehicle Property Tax Cap:** Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. For the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for the fiscal year ending June 30, 2019 is 28.17 mills.

For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

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 lien-ed 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>
2018	84.6	7.7	7.7	\$ 3,004,083	\$ 90,836	\$ 2,913,247	0.6%
2017	84.8	7.6	7.6	2,987,699	93,184	2,894,516	0.4%
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%

<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 6/30/2018</b>
2017	2019	\$ 2,894,516	28.17	\$ 79,499	<i>In Collection</i>		
2016	2018	2,882,197	27.25	78,498	98.5%	1.5%	1.5%
2015 <sup>1</sup>	2017	2,877,947	26.77	76,802	98.5%	1.5%	0.6%
2014	2016	2,903,994	26.75	77,482	98.4%	1.6%	0.3%
2013	2015	2,896,409	26.30	75,923	98.5%	1.5%	0.1%
2012	2014	2,885,469	25.85	73,976	98.0%	2.0%	0.0%
2011	2013	2,867,099	25.37	72,246	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>
Eversource Energy .....	Utility	\$ 78,090,680	2.68%
Kimberly-Clark .....	Manufacturing	25,574,038	0.88%
First Light Hydro Generating Co .....	Utility	15,675,440	0.54%
U B Litchfield LLC .....	Shopping Center	15,334,830	0.53%
Litchfield Crossing LLC .....	Shopping Center	13,793,360	0.47%
Aquarion Water Company of CT .....	Utility	11,987,510	0.41%
Home Depot USA Inc .....	Retailer	9,314,770	0.32%
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%
NMHC Realty LLC .....	Nursing/Rehab	4,460,680	0.15%
<b>Total.....</b>		<b>\$ 184,977,288</b>	<b>6.35%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2018 of \$2,913,246,698.

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

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of July 25, 2019**  
**(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	\$ 55,250	2024
2004	Schools.....	2.00-5.00	17,175,020	742,250	2024
2004	Sewers.....	2.00-5.00	4,800,235	1,157,500	2024
2013	Clean Water Fund loan.....	2.00	22,165,429	16,589,499	2033
2017	General Purpose.....	3.00-5.00	5,740,000	4,805,000	2037
2017	Schools.....	3.00-5.00	6,100,000	5,130,000	2037
2017	Sewers.....	3.00-5.00	2,100,000	1,885,000	2037
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 58,540,429</b>	<b>\$ 30,364,499</b>	
<b>This Issue</b>					
2019	General Purpose-Series A.....	2.125-2.00	\$ 8,835,000	\$ 8,835,000	2040
2019	General Purpose - Series B Refunding.....	5.00	2,270,000	2,270,000	2031
<b>Total This Issue.....</b>			<b>\$ 11,105,000</b>	<b>\$ 11,105,000</b>	
<b>Grand Total.....</b>			<b>\$ 69,645,429</b>	<b>\$ 41,469,499</b>	

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

**Short-Term Debt**  
**As of July 25, 2019**  
**(Pro Forma)**

<b>Project</b>	<b>Amount Authorized</b>	<b>The Notes: Due: 7/24/2020</b>
Road Improvements (2019).....	\$ 10,000,000	\$ 6,000,000
Roof Repairs & Improvements.....	5,000,000	5,000,000
<b>Total .....</b>	<b>\$ 10,000,000</b>	<b>\$ 11,000,000</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 repay their loans at any time prior to maturity without penalty.



**Annual Bonded Debt Maturity Schedule  
As of July 25, 2019  
(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>
				<b>Series A Bonds</b>	<b>Series B Bonds</b>		
2020 <sup>1</sup>	\$ 2,936,307	\$ 824,268	\$ 3,760,574	\$ -	\$ -	\$ 2,936,307	7.08%
2021	2,453,132	757,976	3,211,108	890,000	290,000	3,633,132	15.84%
2022	2,475,398	670,530	3,145,928	890,000	210,000	3,575,398	24.46%
2023	2,498,114	582,489	3,080,603	890,000	210,000	3,598,114	33.14%
2024	2,521,288	493,845	3,015,133	365,000	215,000	3,101,288	40.62%
2025	2,254,929	404,516	2,659,446	365,000	215,000	2,834,929	47.45%
2026	2,279,048	348,597	2,627,646	365,000	220,000	2,864,048	54.36%
2027	2,303,654	292,192	2,595,846	365,000	220,000	2,888,654	61.33%
2028	1,753,756	235,289	1,989,046	365,000	220,000	2,338,756	66.97%
2029	1,779,365	195,130	1,974,496	365,000	220,000	2,364,365	72.67%
2030	1,805,491	154,454	1,959,946	365,000	125,000	2,295,491	78.20%
2031	1,832,145	113,251	1,945,396	365,000	125,000	2,322,145	83.80%
2032	1,859,336	71,510	1,930,846	365,000	-	2,224,336	89.17%
2033	967,536	32,150	999,685	360,000	-	1,327,536	92.37%
2034	270,000	19,975	289,975	360,000	-	630,000	93.89%
2035	125,000	11,875	136,875	360,000	-	485,000	95.06%
2036	125,000	7,969	132,969	360,000	-	485,000	96.23%
2037	125,000	4,063	129,063	360,000	-	485,000	97.40%
2038	-	-	-	360,000	-	360,000	98.26%
2039	-	-	-	360,000	-	360,000	99.13%
2040	-	-	-	360,000	-	360,000	100.00%
<b>Total.....</b>	<b>\$ 30,364,499</b>	<b>\$ 5,220,079</b>	<b>\$ 35,584,578</b>	<b>\$ 8,835,000</b>	<b>\$ 2,270,000</b>	<b>\$ 41,469,499</b>	

<sup>1</sup> Excludes principal payments of \$235,000 and interest payments of \$44,066 made between July 1, 2019 and July 25, 2019.

**Overlapping Debt**

The Town of New Milford has no overlapping debt.

**Underlying Debt**

There are twelve Tax Districts within New Milford. As of July 25, 2019, 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 July 25, 2019**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 15,965,250
Schools .....	5,872,250
Sewers.....	19,631,999
<b>Total Long-Term Debt.....</b>	<b>41,469,499</b>
<b>Short-Term Debt (The Notes).....</b>	<b>11,000,000</b>
<b>Direct Debt.....</b>	<b>52,469,499</b>
<b>Overlapping/Underlying Debt .....</b>	<b>-</b>
<b>Total Overall Debt.....</b>	<b>52,469,499</b>
Less: School Construction Grants Receivable (As of June 30, 2018).....	-
<b>Total Overall Net Debt.....</b>	<b>\$ 52,469,499</b>

**Current Debt Ratios**  
**As of July 25, 2019**  
**(Pro Forma)**

Population (2017) <sup>1</sup> .....	27,380
Net Taxable Grand List (10/1/18) .....	\$ 2,913,246,698
Estimated Full Value (70%).....	\$ 4,161,780,997
Equalized Grand List (10/1/16) <sup>2</sup> .....	\$ 4,182,241,085
Money Income per Capita (2017) <sup>1</sup> .....	\$ 39,515

	<b>Total Direct Debt</b>	<b>Total Overall Debt / Overall Net Debt</b>
Per Capita.....	\$1,916.34	\$1,916.34
Ratio to Net Taxable Grand List.....	1.80%	1.80%
Ratio to Estimated Full Value.....	1.26%	1.26%
Ratio to Equalized Grand List.....	1.25%	1.25%
Debt per Capita to Money Income per Capita (2017).....	4.85%	4.85%

<sup>1</sup> American Community Survey 2013-2017

<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.

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 July 25, 2019  
(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2018.....	\$ 78,885,242
Reimbursement For Revenue Loss (Tax relief for elderly).....	15,026
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 78,900,268</b>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 177,525,603	-	-	-	-
4 1/2 times base.....	-	\$ 355,051,206	-	-	-
3 3/4 times base.....	-	-	\$ 295,876,005	-	-
3 1/4 times base.....	-	-	-	\$ 256,425,871	-
3 times base.....	-	-	-	-	\$ 236,700,804
<b>Total Debt Limitation.....</b>	<b>\$ 177,525,603</b>	<b>\$ 355,051,206</b>	<b>\$ 295,876,005</b>	<b>\$ 256,425,871</b>	<b>\$ 236,700,804</b>

<b>Indebtedness:</b>					
Bonds Outstanding .....	\$ 4,860,250	\$ 5,872,250	\$ 19,631,999 <sup>1</sup>	\$ -	\$ -
Bonds – This Issue.....	11,105,000	-	-	-	-
Notes – This Issue.....	11,000,000	-	-	-	-
Overlapping/Underlying Debt.....	-	-	-	-	-
Debt Authorized But Unissued.....	13,960,000	450,000	-	-	-
<b>Total Net Indebtedness.....</b>	<b>40,925,250</b>	<b>6,322,250</b>	<b>19,631,999</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 136,600,353</b>	<b>\$ 348,728,956</b>	<b>\$ 276,244,006</b>	<b>\$ 256,425,871</b>	<b>\$ 236,700,804</b>
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<sup>1</sup> Includes \$16,589,499 Clean Water Fund Project Loan Obligation.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$552,301,876

**Authorized but Unissued Debt  
As of July 25, 2019  
(Pro Forma)**

Project	Amount		Previously Bonded	Maturing Notes Due: 7/25/2019	New Money	This Issue:		Authorized But Unissued Debt
	Authorized	(Paydowns)				Series A Bonds	The Notes: Due: 7/24/2020	
Bridge Improvements.....	\$ 4,370,000	\$ -	\$ -	\$ 910,000	\$ -	\$ 910,000	\$ -	\$ 3,460,000
Road Improvements.....	2,100,000	(525,000)	-	2,100,000	-	1,575,000	-	-
Park Improvements.....	350,000	-	-	350,000	-	350,000	-	-
Road & Bridge Improvements (2018).....	6,000,000	-	-	4,000,000	2,000,000	6,000,000	-	-
Road Improvements (2019).....	10,000,000	-	-	-	6,000,000	-	6,000,000	4,000,000
Library Renovations & Improvements.....	6,500,000	-	-	-	-	-	-	6,500,000
Roof Repairs & Improvements.....	5,000,000	-	-	-	5,000,000	-	5,000,000	-
Synthetic Turf Field at High School .....	4,000,000	-	3,550,000	-	-	-	-	450,000
<b>Total .....</b>	<b>\$ 38,320,000</b>	<b>\$ (525,000)</b>	<b>\$ 3,550,000</b>	<b>\$ 7,360,000</b>	<b>\$ 13,000,000</b>	<b>\$ 8,835,000</b>	<b>\$ 11,000,000</b>	<b>\$ 14,410,000</b>

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

<b>Long-Term Debt<sup>1</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bonds.....	\$ 13,703	\$ 17,031	\$ 20,425	\$ 12,258	\$ 15,936
CWF .....	3,043	3,404	3,771	1,947	2,224
<b>Sub-Total Long-Term Debt....</b>	<b>16,745</b>	<b>20,435</b>	<b>24,195</b>	<b>14,205</b>	<b>18,160</b>
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	7,360	7,360	630	15,605	10,905
<b>Grand Total.....</b>	<b>\$ 24,105</b>	<b>\$ 27,795</b>	<b>\$ 24,825</b>	<b>\$ 29,810</b>	<b>\$ 29,065</b>

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

Source: Town of New Milford Audited Financial Reports 2013-2018. 2019 is subject to audit.

**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</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>
				<b>Assessed Value (%)</b>	<b>Estimated Full Value (%)</b>			
2019 <sup>4</sup>	\$ 2,894,516	\$ 4,135,022	\$ 13,703	0.47%	0.33%	27,380	\$ 500.46	1.27%
2018	2,882,197	4,117,424	17,031	0.59%	0.41%	27,380	622.02	1.57%
2017	2,877,947	4,111,354	20,425	0.71%	0.50%	27,380	745.96	1.89%
2016	2,903,994	4,148,563	12,258	0.42%	0.30%	27,380	447.69	1.13%
2015	2,896,409	4,137,727	15,936	0.55%	0.39%	27,380	582.04	1.47%
2014	2,885,469	4,122,099	19,624	0.68%	0.48%	27,380	716.73	1.81%

<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, 2013-2017.

<sup>3</sup> American Community Survey (2013-2017), Money Income Per Capita \$39,515.

<sup>4</sup> Subject to audit.

**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>
2019	\$ 6,604,215	\$ 102,069,902	6.47%
2018	4,995,845	106,586,718	4.69%
2017	5,412,121	105,580,863	5.13%
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.

<i>Purpose</i>	<i>Fiscal 2018-19</i>	<i>Fiscal 2019-20</i>	<i>Fiscal 2020-21</i>	<i>Fiscal 2021-22</i>	<i>Fiscal 2022-23</i>	<i>Total</i>
Administration.....	\$ 491,300	\$ 447,400	\$ 527,400	\$ 447,400	\$ 447,400	\$ 2,360,900
Public Works.....	17,162,765	21,436,500	15,846,000	26,204,000	12,997,000	93,646,265
Library.....	1,340,000	4,340,000	2,720,000	100,000	-	8,500,000
Parks & Recreation.....	113,395	441,907	657,300	405,000	266,000	1,883,602
Public Safety.....	207,903	173,047	118,047	118,047	118,047	735,089
<b>Total .....</b>	<b>\$ 19,315,363</b>	<b>\$ 26,838,854</b>	<b>\$ 19,868,747</b>	<b>\$ 27,274,447</b>	<b>\$ 13,828,447</b>	<b>\$ 107,125,856</b>

<i>Funding</i>	<i>Fiscal 2018-19</i>	<i>Fiscal 2019-20</i>	<i>Fiscal 2020-21</i>	<i>Fiscal 2021-22</i>	<i>Fiscal 2022-23</i>	<i>Total</i>
General Fund Expenditures.....	\$ 2,928,503	\$ 4,743,282	\$ 4,046,575	\$ 4,757,275	\$ 4,294,275	\$ 20,769,908
Borrowings.....	13,923,331	17,291,060	9,991,950	20,461,000	8,589,000	70,256,341
Grants.....	2,123,529	4,464,512	5,150,222	1,906,172	910,172	14,554,607
Donations.....	340,000	340,000	320,000	-	-	1,000,000
Other.....	-	-	360,000	150,000	35,000	545,000
<b>Total Funding Sources.....</b>	<b>\$ 19,315,363</b>	<b>\$ 26,838,854</b>	<b>\$ 19,868,747</b>	<b>\$ 27,274,447</b>	<b>\$ 13,828,447</b>	<b>\$ 107,125,856</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, 2018, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits .....	249
Terminated plan members entitled to but not yet receiving benefits .....	113
Active plan members .....	<u>405</u>
Total .....	767

*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 7.35%. 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>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>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
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%)
7/1/2017	58,843,324	69,930,965	(11,087,641)	84.1%	19,360,207	(57.3%)
7/1/2018	61,908,162	72,201,637	(10,293,475)	85.7%	19,194,757	(53.6%)

## **Pension Contributions**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Funded</b>
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	2,746,760	2,746,760	100%
2018	2,698,668	2,712,258	101%
2019 <sup>1</sup>	2,658,146	2,658,146	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, 2018, plan members of the Town contributed \$2,658,146 to the plan and covered payroll for the year was \$23,478,284.

Connecticut Governor Ned Lamont's proposed State Budget shifts a portion of annual teacher pension costs to towns. See "Budget Procedure" herein.

The Town has recognized on-behalf payments of \$6.1 million 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, 2017 was \$13.502 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$79.5 million or approximately 0.59% 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, 2016. 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 8.0%. 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, 2018, the Town contributed \$40,500 to the fund for awards earned by participants for the fiscal 2017 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. OPEB participation for Police is not available to new hires commencing July 1, 2018.

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, 2018, assuming pre-funding, the Town and Board of Education's accrued liability is \$14,812,121. The valuation determined that for the fiscal year ending June 30, 2018 the actuarially required contribution would be \$1,359,780, assuming a 30-year level percent amortization of the unfunded liability. The balance in the trust fund as of June 30, 2018 was \$779,541.

**Schedule of Changes in Net OPEB Liability**

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service Cost.....	\$ 563,565	\$ 632,872
Interest.....	530,982	452,370
Changes in Benefit Terms.....	-	-
Differences Between Expected and Actual Experience....	(128,494)	(4,203,534)
Changes of Assumptions.....	(99,718)	3,297,846
Benefits Payments, Including Refunds.....	<u>(463,767)</u>	<u>(729,668)</u>
Net Changes in Total OPEB Liability.....	402,568	(550,114)
Total OPEB Liability - Beginning.....	<u>15,189,094</u>	<u>15,739,208</u>
Total OPEB Liability - Ending.....	<u>15,591,662</u>	<u>15,189,094</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer.....	563,767	729,668
Contributions - Members.....	-	-
Net Investment Income.....	6,907	3,616
Benefit Payments, Including Refunds.....	(463,767)	(729,668)
Administrative Expense.....	-	-
Net Changes in Plan Fiduciary Net Position.....	<u>106,907</u>	<u>3,616</u>
Plan Fiduciary Net Position - Beginning.....	<u>672,634</u>	<u>669,018</u>
Plan Fiduciary Net Position - Ending.....	<u>779,541</u>	<u>672,634</u>
<b>Total Net OPEB Liability.....</b>	<b><u>\$ 14,812,121</u></b>	<b><u>\$ 14,516,460</u></b>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability.....	5.00%	4.43%
Covered Employee Payroll.....	\$ 27,349,000	\$ 26,171,204
Town's Net OPEB Liability as a Percentage of Covered Employee Payroll.....	54.16%	55.47%

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution .....	\$ 1,359,780	\$ 1,394,802
Contributions in relation to the Actuarially Determined Contribution:		
Contributions to Trust .....	100,000	-
Contributions by Internal Service Fund .....	<u>463,767</u>	<u>729,668</u>
Contribution Deficiency (Excess) .....	<u>\$ 796,013</u>	<u>\$ 665,134</u>
Covered Employee Payroll .....	\$ 27,349,000	\$ 26,171,204
Contributions as a Percentage of Covered Employee Payroll .....	2.06%	2.79%

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.

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

	<i>Proposed</i> <b>Budget <sup>1</sup></b> <b>2019-2020</b>	<b>Budget <sup>1</sup></b> <b>2018-19</b>	<b>Actual</b> <b>2017-18</b>	<b>Actual</b> <b>2016-17</b>	<b>Actual</b> <b>2015-16</b>	<b>Actual</b> <b>2014-15</b>
<b>Revenues:</b>						
Property Taxes .....	\$ 83,126,934	\$ 81,453,859	\$ 79,036,659	\$ 76,919,619	\$ 78,014,253	\$ 77,087,601
Intergovernmental .....	12,762,970	13,536,951	19,793,890	22,095,965	24,998,442	24,240,229
Charges for Services.....	4,739,214	4,290,298	5,207,905	4,472,346	4,659,038	4,733,204
Income on Investments.....	660,000	400,000	448,993	164,422	78,099	43,882
Other Revenues.....	250,000	250,000	-	-	-	-
<b>Total Revenues</b> .....	<b>101,539,118</b>	<b>99,931,108</b>	<b>104,487,447</b>	<b>103,652,352</b>	<b>107,749,832</b>	<b>106,104,916</b>
<b>Expenditures:</b>						
General government .....	12,202,848	12,693,582	11,700,703	11,099,967	10,918,135	11,210,606
Public Safety .....	6,851,857	6,525,767	6,707,689	7,259,023	6,822,321	6,498,306
Public Works .....	6,157,215	5,787,830	5,532,040	5,330,458	5,248,878	5,525,950
Health and Welfare .....	2,271,105	2,236,393	2,605,863	2,600,876	2,661,044	2,538,926
Debt Service .....	5,281,523	6,604,215	4,995,845	5,412,121	5,293,159	5,413,962
Capital Outlays .....	3,622,816	2,651,235	1,491,687	799,042	2,845,047	2,260,382
Education .....	64,040,692	63,010,586	68,930,536	68,472,228	70,948,347	68,604,228
Culture & Recreation.....	1,663,279	1,540,136	1,240,847	1,337,735	1,379,862	1,329,489
<b>Total Expenditures</b> .....	<b>102,091,335</b>	<b>101,049,744</b>	<b>103,205,210</b>	<b>102,311,450</b>	<b>106,116,793</b>	<b>103,381,849</b>
Revenues over (under) expenditures .....	(552,217)	(1,118,636)	1,282,237	1,340,902	1,633,039	2,723,067
<b>Other Financing Sources Uses:</b>						
Capital Lease Financing.....	-	-	673,353	245,938	998,531	852,865
Premium on Bonds.....	-	-	-	1,115,255	-	-
Premium on Bond Anticipation Notes.....	-	-	35,142	133,464	90,251	62,824
Transfers In .....	1,540,000	2,138,794	1,767,500	1,775,929	1,188,500	924,007
Transfers (Out) .....	(987,783)	(1,020,158)	(3,381,508)	(3,269,413)	(3,684,948)	(2,947,966)
<b>Total other Financing Sources (uses) ...</b>	<b>552,217</b>	<b>1,118,636</b>	<b>(905,513)</b>	<b>1,173</b>	<b>(1,407,666)</b>	<b>(1,108,270)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>	<b>-</b>	<b>-</b>	<b>376,724</b>	<b>1,342,075</b>	<b>225,373</b>	<b>1,614,797</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>-</b>	<b>23,069,920</b>	<b>22,693,196</b>	<b>21,351,121</b>	<b>21,125,747</b>	<b>19,510,950</b>
<b>Adjustments to Fund Balance.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ -</b>	<b>\$ 23,069,920</b>	<b>\$ 23,069,920</b>	<b>\$ 22,693,196</b>	<b>\$ 21,351,121</b>	<b>\$ 21,125,747</b>

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

**Intergovernmental Revenues**

<b>Fiscal Year Ended 6/30</b>	<b>Intergovernmental Revenues</b>	<b>Total Revenues</b>	<b>Percent</b>
2019 <sup>1</sup>	\$ 13,536,951	\$ 99,931,108	13.55%
2018	19,793,890	104,487,447	18.94%
2017	22,095,965	103,652,352	21.32%
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%

Source: Annual Audited Financial Statements.

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

**Municipal General Budget Expenditures Cap:** Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation did not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2018 and June 30, 2019. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021, but provides that such funding will resume following July 1, 2021.

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## Comparative General Fund Balance Sheet

<b>Assets:</b>	<b>Actual 2017-18</b>	<b>Actual 2016-17</b>	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Actual 2013-14</b>
Cash and cash equivalents.....	\$ 23,268,223	\$ 21,807,273	\$ 21,244,943	\$ 21,318,493	\$ 18,860,912
Receivables:					
Property Taxes & Interest.....	2,520,142	2,431,005	2,033,675	2,114,753	2,782,230
Intergovernmental.....	9,832	49,871	42,641	72,762	31,093
Other Receivables.....	521,760	479,960	198,533	275,453	331,799
Inventories.....	-	-	33,442	32,559	32,753
Due from other funds.....	700,579	1,863,310	6,304,230	5,447,001	4,387,513
Other Assets.....	1,900,243	1,998,836	-	-	-
Prepaid Expenses.....	-	-	-	-	-
<b>Total Assets</b> .....	<b>28,920,779</b>	<b>28,630,255</b>	<b>29,857,464</b>	<b>29,261,021</b>	<b>26,426,300</b>
<b>Liabilities:</b>					
Accounts and Other Payables.....	1,910,009	2,056,468	2,901,193	804,953	779,966
Due to other funds.....	363,893	7,200	2,409,192	4,320,220	2,821,007
Deferred Revenues.....	-	-	406,486	-	-
Other Liabilities.....	-	-	50,165	51,498	70,670
Unearned Revenue.....	356,748	442,496	-	723,320	301,068
Accrued Employee Benefits.....	976,288	1,238,898	993,626	533,220	407,175
<b>Total Liabilities</b> .....	<b>3,606,938</b>	<b>3,745,062</b>	<b>6,760,662</b>	<b>6,433,211</b>	<b>4,379,886</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - proproperty taxes.....	2,243,921	2,191,997	1,745,681	1,702,062	2,535,463
Advance Property Tax Collections.....	-	-	-	-	-
<b>Total Deferred Inflows of Resources...</b>	<b>2,243,921</b>	<b>2,191,997</b>	<b>1,745,681</b>	<b>1,702,062</b>	<b>2,535,463</b>
<b>Fund Balances:</b>					
Nonspendable.....	1,900,243	1,998,836	33,442	32,559	32,753
Restricted.....	351,500	-	-	-	-
Committed.....	406,541	249,049	450,879	316,547	141,312
Assigned.....	2,849,409	2,511,463	2,986,781	3,015,383	3,570,118
Unassigned.....	17,562,227	17,933,848	17,880,019	17,761,259	15,766,768
<b>Total Fund Balances</b> .....	<b>\$ 23,069,920</b>	<b>\$ 22,693,196</b>	<b>\$ 21,351,121</b>	<b>\$ 21,125,748</b>	<b>\$ 19,510,951</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> .....	<b>\$ 28,920,779</b>	<b>\$ 28,630,255</b>	<b>\$ 29,857,464</b>	<b>\$ 29,261,021</b>	<b>\$ 26,426,300</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 104,487,447	\$ 103,652,352	\$ 107,749,832	\$ 106,104,916	\$ 103,489,329
Fund balance as a percent of operating revenues .....	22.08%	21.89%	19.82%	19.91%	18.85%
Unassigned fund balance as a percent of operating revenues .....	16.81%	17.30%	16.59%	16.74%	15.24%



## **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 opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut, substantially in the form of Appendix B 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 Town will provide to the winning bidder(s) 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 Town'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 Town'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/ Pete Bass  
PETE BASS, *Mayor*

By: /S/ Gregory Osipow  
GREGORY OSIPOW, *Director of Finance*

Dated: July 11, 2019

## ***Appendix A***

### ***2018 Financial Statements Excerpted from the Town's Annual Financial Report***

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, 2018. 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

### ***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 information on pages 70 through 85 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 86 through 102 and the other supplementary information on pages 104 through 108 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 January 25, 2019, 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.



Certified Public Accountants  
Glastonbury, Connecticut  
January 25, 2019

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – Unaudited  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018.

**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 \$162,461,597 (net position). Of this amount, \$6,894,221 represents the Town's unrestricted net position.
- The Town's total net position increased by \$1,228,970 during the current fiscal year, which consisted of a current year increase of \$560,098 relating to the Town's governmental activities and an increase of \$668,872 relating to the Town's business-type activities.
- The beginning net position of the Town was decreased by \$10,980,430 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the total other post-employment benefits liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$37,746,180, a current year increase of \$504,111 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$17,562,227 or 17.2% of the Town's fiscal year 2019 budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.1 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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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, 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 23 of this report.

**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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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 24 through 26 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 27 and 28 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 29 through 69 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 70 through 85 and 86 through 103 of this report, respectively. Other supplementary information can be found on pages 104 through 108 of this report.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**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 \$162,461,597 as of June 30, 2018 and \$161,232,627 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows:

**Net Position  
June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 69,560,605	\$ 4,311,521	\$ 73,872,126
Capital assets	134,320,969	38,730,404	173,051,373
Total assets	<u>203,881,574</u>	<u>43,041,925</u>	<u>246,923,499</u>
Deferred outflows of resources	<u>7,330,944</u>	<u>145,004</u>	<u>7,475,948</u>
Other liabilities	13,217,302	375,545	13,592,847
Long-term liabilities	49,598,347	21,511,606	71,109,953
Total liabilities	<u>62,815,649</u>	<u>21,887,151</u>	<u>84,702,800</u>
Deferred inflows of resources	<u>7,127,704</u>	<u>107,346</u>	<u>7,235,050</u>
Net position:			
Net investment in capital assets	113,598,527	17,676,991	131,275,518
Restricted	24,291,858	-	24,291,858
Unrestricted	3,378,780	3,515,441	6,894,221
Total net position	<u>\$ 141,269,165</u>	<u>\$ 21,192,432</u>	<u>\$ 162,461,597</u>

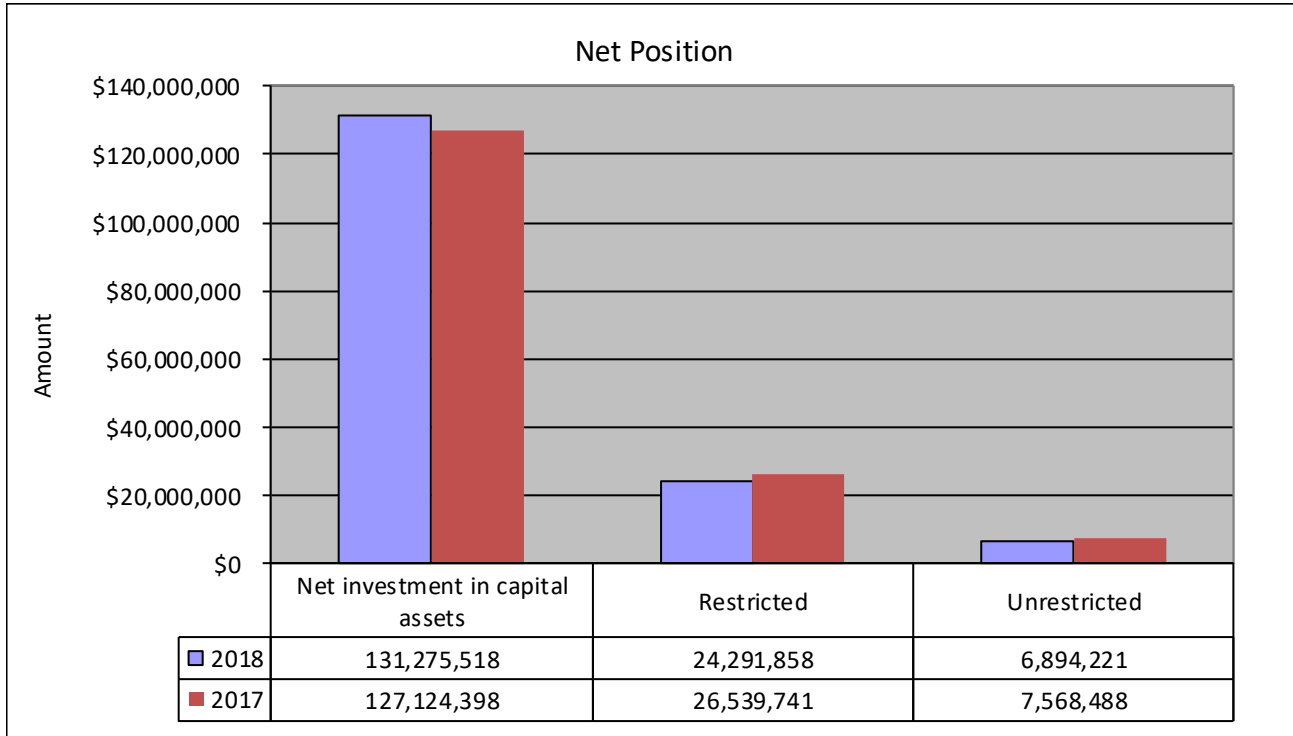
**Net Position  
June 30, 2017 (As Adjusted)**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 67,107,628	\$ 3,962,742	\$ 71,070,370
Capital assets	133,056,933	39,657,908	172,714,841
Total assets	<u>200,164,561</u>	<u>43,620,650</u>	<u>243,785,211</u>
Deferred outflows of resources	<u>5,115,453</u>	<u>127,677</u>	<u>5,243,130</u>
Other liabilities	7,367,017	308,786	7,675,803
Long-term liabilities	53,419,716	22,820,306	76,240,022
Total liabilities	<u>60,786,733</u>	<u>23,129,092</u>	<u>83,915,825</u>
Deferred inflows of resources	<u>3,784,214</u>	<u>95,675</u>	<u>3,879,889</u>
Net position:			
Net investment in capital assets	109,925,346	17,199,052	127,124,398
Restricted	26,539,741	-	26,539,741
Unrestricted	4,243,980	3,324,508	7,568,488
Total net position	<u>\$ 140,709,067</u>	<u>\$ 20,523,560</u>	<u>\$ 161,232,627</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Net Position (Continued)**



As of June 30, 2018, 80.8% 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.

15.0% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position. Of this amount, \$22,859,878 represents the portion of the Town's net position relating to a long-term settlement that has been restricted by enabling legislation for the acquisition of land and building for public recreation, public education, or public library facilities.

The remainder of the Town's net position represents a deficit in unrestricted net position.

Overall, net position increased during the current year by \$1,228,970 in comparison with the prior year.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Changes in Net Position**

Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

**Changes in Net Position**  
**For The Year Ended June 30, 2018**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 7,207,728	\$ 2,966,891	\$ 10,174,619
Operating grants and contributions	25,429,403	-	25,429,403
Capital grants and contributions	3,564,165	-	3,564,165
General revenues:			
Property taxes, levied for general purposes	79,088,583	-	79,088,583
Grants and contributions not restricted to specific programs	194,264	-	194,264
Investment earnings	782,533	64,606	847,139
Other	702,267	-	702,267
Total revenues	<u>116,968,943</u>	<u>3,031,497</u>	<u>120,000,440</u>
<b>Expenses</b>			
General government	12,162,149	-	12,162,149
Public safety	7,459,620	-	7,459,620
Public works	8,486,387	-	8,486,387
Health and welfare	2,705,107	-	2,705,107
Library	1,045,813	-	1,045,813
Culture and recreation	1,372,998	-	1,372,998
Education	81,353,603	-	81,353,603
Interest expense	699,040	-	699,040
Sewer	-	3,486,753	3,486,753
Total expenses	<u>115,284,717</u>	<u>3,486,753</u>	<u>118,771,470</u>
Change in net position before transfers	1,684,226	(455,256)	1,228,970
Transfers	<u>(1,124,128)</u>	<u>1,124,128</u>	<u>-</u>
Change in net position	<u>\$ 560,098</u>	<u>\$ 668,872</u>	<u>\$ 1,228,970</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Change in Net Position (Continued)**

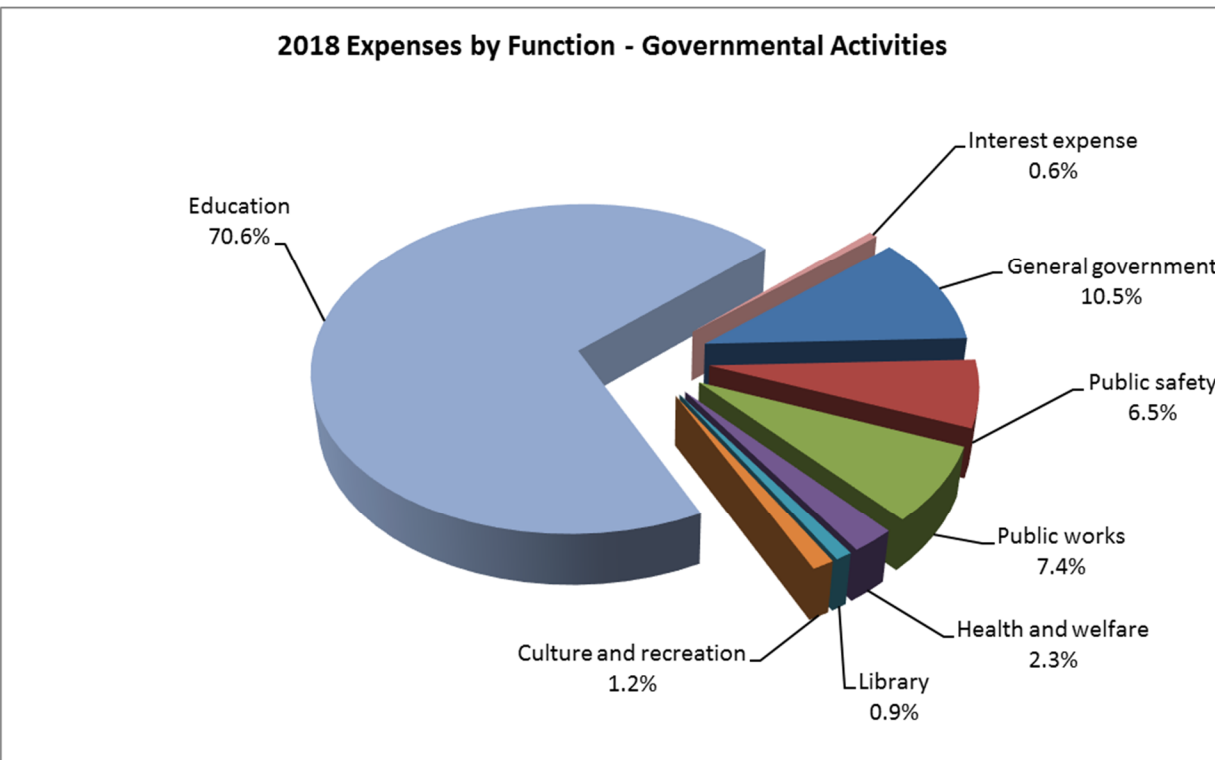
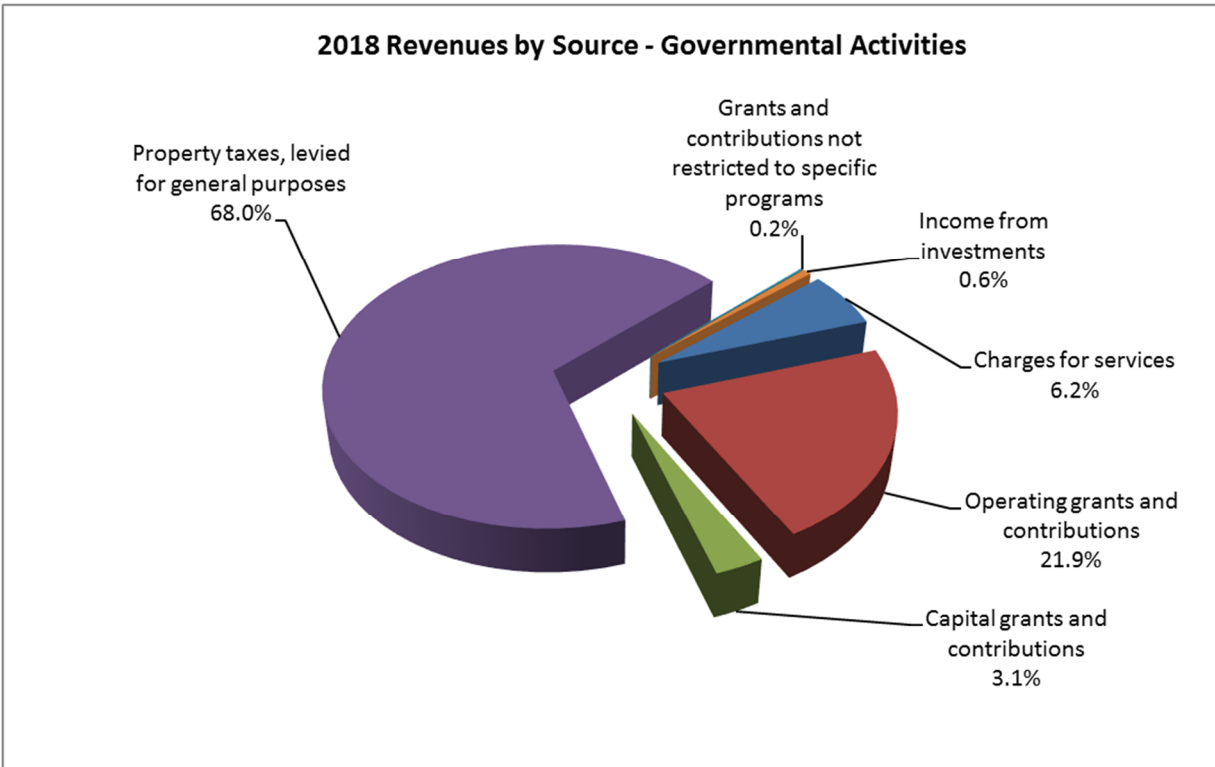
**Changes in Net Position  
For The Year Ended June 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 7,059,305	\$ 2,711,589	\$ 9,770,894
Operating grants and contributions	26,557,128	-	26,557,128
Capital grants and contributions	2,625,314	-	2,625,314
General revenues:			
Property taxes, levied for general purposes	77,365,935	-	77,365,935
Grants and contributions not restricted to specific programs	914,722	-	914,722
Investment earnings	445,918	107,095	553,013
Total revenues	<u>114,968,322</u>	<u>2,818,684</u>	<u>117,787,006</u>
<b>Expenses</b>			
General government	11,493,089	-	11,493,089
Public safety	7,955,838	-	7,955,838
Public works	9,924,338	-	9,924,338
Health and welfare	2,680,045	-	2,680,045
Library	1,094,583	-	1,094,583
Culture and recreation	1,402,312	-	1,402,312
Education	78,720,361	-	78,720,361
Interest expense	742,929	476,932	1,219,861
Sewer	-	2,751,865	2,751,865
Total expenses	<u>114,013,495</u>	<u>3,228,797</u>	<u>117,242,292</u>
Change in net position before transfers	954,827	(410,113)	544,714
Transfers	1,608,183	(1,608,183)	-
Change in net position	<u>\$ 2,563,010</u>	<u>\$ (2,018,296)</u>	<u>\$ 544,714</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Change in Net Position (Continued)**





**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Change in Net Position (Continued)**

***Governmental Activities***

Governmental activities increased the Town's net position by a current year change of \$560,098. Revenues increased over the prior year by \$2,000,621 or 1.7% from \$114,968,322 to \$116,968,943. Revenues were negatively impacted by an overall reduction in State aid, including a reduction of \$1.7 million in education cost sharing funds. Revenues were positively impacted by an increase in property tax revenues and the current year inclusion of \$948 thousand in on-behalf revenues relating to OPEB costs incurred by the State of Connecticut relating to OPEB benefits provided under the State Teachers' Retirement System. Expenses increased over the prior year by \$1,271,222 or 1.1% to \$115,284,717.

***Business-type Activities***

Business-type activities increased the Town's net position by a current year change of \$668,872. Revenues increased over the prior year by \$212,813 or 7.6% from \$2,818,684 to \$3,031,497. Expenses increased over the prior year by \$257,956 or 8.0% from \$3,228,797 to \$3,486,753.

**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 \$37,746,180.

**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 \$17,562,227. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At the close of the current fiscal year, unassigned fund balance of the General Fund was 17.2% of the Town's fiscal year 2019 budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.1 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$376,724 during the current fiscal year.

**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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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 \$255,736 during the current fiscal year from \$10,144,129 to \$10,399,865. This increase was primarily due to proceeds received related to a long-term settlement receivable offset by a transfer to the General Fund to reduce the amount of taxes levied and by current year authorized capital outlays.

**Capital Projects Fund**

The fund balance of the Capital Projects Fund decreased by \$1,323,000 during the current fiscal year from a deficit of \$203,608 to a deficit of \$1,526,608. The deficit is due to the use of short-term debt to finance capital outlays. The Town intends to retire the short-term debt through the issuance of long-term debt.

**General Fund Budgetary Highlights**

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$18,358. Revenues were \$1,274,991 less than budgeted. The budgetary revenue shortfall was driven by a \$1.9 million negative variance in education cost sharing funds received from the State. Expenditures and transfers out were \$2,026,508 less than budgeted. This variance included a \$450,000 return of the education expenditure appropriation to help offset the Town's shortfall in revenues.

**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, 2018 totaled \$173,051,373 (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 increase in the Town's investment in capital assets for the current fiscal year was \$336,532 or 0.2%. Significant capital events during the current fiscal year included the following:

- Outlays for various road and bridge construction projects of approximately \$4.5 million
- Outlays pertaining to Lynn Deming Park project of approximately \$53 thousand
- Outlays of leased equipment and vehicles of approximately \$673 thousand
- Outlays for the Senior Center Expansion of approximately \$885 thousand
- Outlays for the Library design of approximately \$657 thousand
- Outlays for the Young's Field Riverwalk project of approximately \$188 thousand

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**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:

**Capital Assets, Net**  
**June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Land	\$ 16,906,235	\$ 5,000	\$ 16,911,235
Construction in progress	10,226,851	97,388	10,324,239
Buildings and improvements	59,628,528	25,821,468	85,449,996
Infrastructure	36,749,195	7,197,756	43,946,951
Land improvements	1,147,390	-	1,147,390
Machinery and equipment	9,662,770	5,608,792	15,271,562
Totals	<u>\$ 134,320,969</u>	<u>\$ 38,730,404</u>	<u>\$ 173,051,373</u>

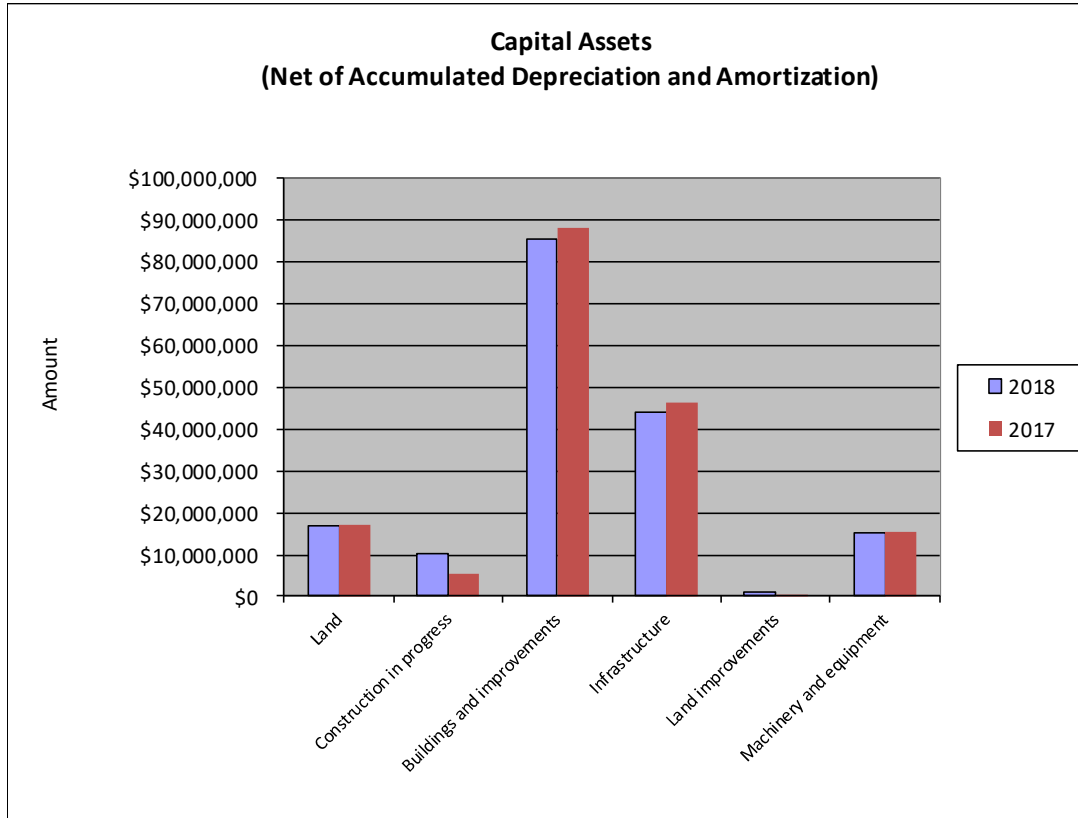
**Capital Assets, Net**  
**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Land	\$ 16,906,235	\$ 5,000	\$ 16,911,235
Construction in progress	5,343,138	279,333	5,622,471
Buildings and improvements	61,332,072	26,426,463	87,758,535
Infrastructure	38,864,201	7,416,691	46,280,892
Land improvements	523,232	-	523,232
Machinery and equipment	10,088,055	5,530,421	15,618,476
Totals	<u>\$ 133,056,933</u>	<u>\$ 39,657,908</u>	<u>\$ 172,714,841</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in Note 4 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 \$45,444,413. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$1,931,057 or 4.2% during the current fiscal year.

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 significantly in excess of the Town's outstanding general obligation debt.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

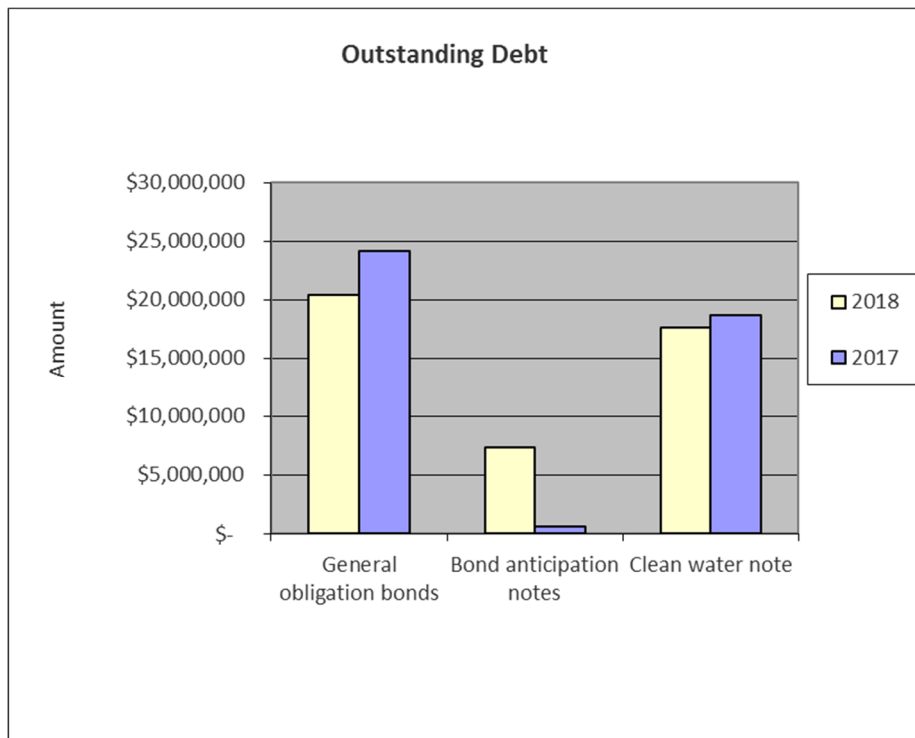
**Capital Asset and Debt Administration (Continued)**

**Debt Administration (Continued)**

The following are tables of bonded debt as of June 30, 2018 and 2017:

<b>Bonded Debt June 30, 2018</b>			
	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 17,031,000	\$ 3,404,000	\$ 20,435,000
Bond anticipation notes	7,360,000	-	7,360,000
Clean water note	-	17,649,413	17,649,413
Totals	<u>\$ 24,391,000</u>	<u>\$ 21,053,413</u>	<u>\$ 45,444,413</u>

<b>Bonded Debt June 30, 2017</b>			
	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 20,424,500	\$ 3,770,500	\$ 24,195,000
Bond anticipation notes	630,000	-	630,000
Clean water note	-	18,688,356	18,688,356
Totals	<u>\$ 21,054,500</u>	<u>\$ 22,458,856</u>	<u>\$ 43,513,356</u>



Additional information on the Town's debt can be found in Note 8 and Note 9 of this report.

**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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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:

Unassigned fund balance of the General Fund totaled \$17,562,227 at June 30, 2018.

- 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 2019, 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 2019 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 2019.

**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, 2018**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,679,901	\$ 3,444,564	\$ 46,124,465
Investments	6,637,514	-	6,637,514
Receivables:			
Property taxes and interest, net	2,520,142	-	2,520,142
Grants and contracts	1,723,250	-	1,723,250
Settlement	2,700,000	-	2,700,000
Assessments and connection fees	-	332,207	332,207
Other	582,899	157,711	740,610
Other assets	50,098	47,138	97,236
Noncurrent assets:			
Receivables:			
Assessments and connection fees	-	2,196,702	2,196,702
Settlement	10,800,000	-	10,800,000
Internal balances	1,866,801	(1,866,801)	-
Capital assets:			
Non-depreciable	27,133,086	102,388	27,235,474
Depreciable, net	107,187,883	38,628,016	145,815,899
Total assets	<u>203,881,574</u>	<u>43,041,925</u>	<u>246,923,499</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges of pension expense	4,390,002	145,004	4,535,006
Deferred charges of OPEB expense	2,900,816	-	2,900,816
Deferred charges on refunding	40,126	-	40,126
Total deferred outflows of resources	<u>7,330,944</u>	<u>145,004</u>	<u>7,475,948</u>
<b>LIABILITIES</b>			
Accounts payable	2,573,081	76,386	2,649,467
Accrued liabilities	1,971,801	299,159	2,270,960
Unearned revenue	1,312,420	-	1,312,420
Bond anticipation notes payable	7,360,000	-	7,360,000
Noncurrent liabilities:			
Due within one year	3,932,235	1,421,413	5,353,648
Due in more than one year	45,666,112	20,090,193	65,756,305
Total liabilities	<u>62,815,649</u>	<u>21,887,151</u>	<u>84,702,800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension expense	3,249,923	107,346	3,357,269
Deferred charges of OPEB expense	3,877,781	-	3,877,781
	<u>7,127,704</u>	<u>107,346</u>	<u>7,235,050</u>
<b>NET POSITION</b>			
Net investment in capital assets	113,598,527	17,676,991	131,275,518
Restricted for:			
Capital purposes - enabling legislation	22,859,878	-	22,859,878
Grant and other programs	1,080,480	-	1,080,480
Debt service	351,500	-	351,500
Unrestricted	3,378,780	3,515,441	6,894,221
Total net position	<u>\$ 141,269,165</u>	<u>\$ 21,192,432</u>	<u>\$ 162,461,597</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, 2018

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
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 12,162,149	\$ 1,368,303	\$ 63,783	\$ -	\$ (10,730,063)	\$ -	\$ (10,730,063)
Public safety	7,459,620	840,083	21,332	-	(6,598,205)	-	(6,598,205)
Public works	8,486,387	470,248	1,792,107	3,129,512	(3,094,520)	-	(3,094,520)
Health and welfare	2,705,107	84,996	406,395	-	(2,213,716)	-	(2,213,716)
Library	1,045,813	29,899	1,684	-	(1,014,230)	-	(1,014,230)
Culture and recreation	1,372,998	1,119,430	8,969	434,653	190,054	-	190,054
Education	81,353,603	3,294,769	23,135,133	-	(54,923,701)	-	(54,923,701)
Interest expense	699,040	-	-	-	(699,040)	-	(699,040)
Total governmental activities	<u>115,284,717</u>	<u>7,207,728</u>	<u>25,429,403</u>	<u>3,564,165</u>	<u>(79,083,421)</u>	<u>-</u>	<u>(79,083,421)</u>
Business-type activities:							
Sewer	<u>3,486,753</u>	<u>2,966,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(519,862)</u>	<u>(519,862)</u>
Total primary government	<u>\$ 118,771,470</u>	<u>\$ 10,174,619</u>	<u>\$ 25,429,403</u>	<u>\$ 3,564,165</u>	<u>(79,083,421)</u>	<u>(519,862)</u>	<u>(79,603,283)</u>
General revenues:							
Property taxes, levied for general purposes					79,088,583	-	79,088,583
Grants and contributions not restricted to specific programs					194,264	-	194,264
Investment earnings					782,533	64,606	847,139
Other					702,267	-	702,267
Total general revenues					<u>80,767,647</u>	<u>64,606</u>	<u>80,832,253</u>
							Change in net position before transfers
					1,684,226	(455,256)	1,228,970
Transfers, net							
					<u>(1,124,128)</u>	<u>1,124,128</u>	<u>-</u>
							Change in net position
					560,098	668,872	1,228,970
							Net position - beginning, as originally reported
					151,689,497	20,523,560	172,213,057
							Cumulative effect of implementing new accounting standard (see Note 1)
					<u>(10,980,430)</u>	<u>-</u>	<u>(10,980,430)</u>
					<u>140,709,067</u>	<u>20,523,560</u>	<u>161,232,627</u>
							Net position - beginning, as adjusted
					<u>\$ 141,269,165</u>	<u>\$ 21,192,432</u>	<u>\$ 162,461,597</u>
							Net position - ending

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

**TOWN OF NEW MILFORD, CONNECTICUT**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Waste Management Ordinance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,268,223	\$ 5,950,846	\$ 5,873,011	\$ 3,777,254	\$ 38,869,334
Investments	-	4,485,712	-	2,151,802	6,637,514
Receivables:					
Property taxes, net	1,996,217	-	-	-	1,996,217
Interest on property taxes, net	523,925	-	-	-	523,925
Intergovernmental	9,832	-	-	1,713,418	1,723,250
Other	521,760	-	-	61,139	582,899
Due from other funds	700,579	-	-	389,569	1,090,148
Advances to other funds	1,866,801	-	-	-	1,866,801
Other	33,442	-	-	16,656	50,098
Total assets	<u>\$ 28,920,779</u>	<u>\$ 10,436,558</u>	<u>5,873,011</u>	<u>\$ 8,109,838</u>	<u>\$ 53,340,186</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,910,009	\$ 36,693	\$ 39,619	\$ 586,760	\$ 2,573,081
Accrued expenses	976,288	-	-	38,148	1,014,436
Due to other funds	363,893	-	-	726,255	1,090,148
Unearned revenue	356,748	-	-	955,672	1,312,420
Bond anticipation notes payable	-	-	7,360,000	-	7,360,000
Total liabilities	<u>3,606,938</u>	<u>36,693</u>	<u>7,399,619</u>	<u>2,306,835</u>	<u>13,350,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>2,243,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,243,921</u>
<b>FUND BALANCES</b>					
Nonspendable	1,900,243	-	-	15,141	1,915,384
Restricted	351,500	9,359,878	5,833,392	1,671,697	17,216,467
Committed	406,541	-	-	4,144,168	4,550,709
Assigned	2,849,409	1,039,987	-	-	3,889,396
Unassigned	17,562,227	-	(7,360,000)	(28,003)	10,174,224
Total fund balances	<u>23,069,920</u>	<u>10,399,865</u>	<u>(1,526,608)</u>	<u>5,803,003</u>	<u>37,746,180</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,920,779</u>	<u>\$ 10,436,558</u>	<u>\$ 5,873,011</u>	<u>\$ 8,109,838</u>	<u>\$ 53,340,186</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, 2018**

Total fund balances for governmental funds		\$ 37,746,180
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.		134,320,969
Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are reported in the statement of net position.		163,114
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.		2,243,921
Long-term receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the funds: Settlement receivable		13,500,000
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	(182,733)	
Long-term debt:		
Bonds payable, net	(18,579,346)	
Deferred charges on refunding	40,126	
Other long-term liabilities:		
Capital lease obligations	(1,247,831)	
Compensated absences	(1,087,194)	
Net pension liability	(13,871,855)	
Net OPEB liability	(14,812,121)	
Total long-term liabilities	(49,740,954)	
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.		3,035,935
Net position of governmental activities		\$ 141,269,165

*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, 2018**

	General Fund	Waste Management Ordinance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 79,036,659	\$ -	\$ -	\$ -	\$ 79,036,659
Intergovernmental	19,793,890	8,500	-	5,967,531	25,769,921
Charges for services	5,207,905	-	-	2,568,691	7,776,596
Investment earnings	448,993	96,907	-	236,632	782,532
Other	-	2,700,000	-	145,220	2,845,220
Total revenues	<u>104,487,447</u>	<u>2,805,407</u>	<u>-</u>	<u>8,918,074</u>	<u>116,210,928</u>
<b>EXPENDITURES</b>					
Current:					
General government	11,700,703	-	-	-	11,700,703
Public safety	6,707,689	-	-	22,361	6,730,050
Public works	5,532,040	-	-	-	5,532,040
Health and welfare	2,605,863	-	-	40,944	2,646,807
Library	-	-	-	1,045,813	1,045,813
Culture and recreation	1,240,847	-	-	12,957	1,253,804
Education	68,930,536	-	-	4,441,301	73,371,837
Debt service:					
Principal payments	4,121,825	-	-	-	4,121,825
Interest and fiscal charges	874,020	-	-	-	874,020
Capital outlays	<u>1,491,687</u>	<u>1,049,671</u>	<u>428,192</u>	<u>5,059,927</u>	<u>8,029,477</u>
Total expenditures	<u>103,205,210</u>	<u>1,049,671</u>	<u>428,192</u>	<u>10,623,303</u>	<u>115,306,376</u>
Excess (deficiency) of revenues over expenditures	1,282,237	1,755,736	(428,192)	(1,705,229)	904,552
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease financing	673,353	-	-	-	673,353
Premium on bonds	-	-	15,192	-	15,192
Premium on bond anticipation notes	35,142	-	-	-	35,142
Transfers in	1,767,500	-	-	3,653,080	5,420,580
Transfers out	<u>(3,381,508)</u>	<u>(1,500,000)</u>	<u>(910,000)</u>	<u>(753,200)</u>	<u>(6,544,708)</u>
Total other financing sources (uses)	<u>(905,513)</u>	<u>(1,500,000)</u>	<u>(894,808)</u>	<u>2,899,880</u>	<u>(400,441)</u>
Net change in fund balances	376,724	255,736	(1,323,000)	1,194,651	504,111
Fund balances - beginning	<u>22,693,196</u>	<u>10,144,129</u>	<u>(203,608)</u>	<u>4,608,352</u>	<u>37,242,069</u>
Fund balances - ending	<u>\$ 23,069,920</u>	<u>\$ 10,399,865</u>	<u>\$ (1,526,608)</u>	<u>\$ 5,803,003</u>	<u>\$ 37,746,180</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, 2018**

Net change in fund balances - total governmental funds \$ 504,111

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	\$ 7,586,625	
Depreciation and amortization expense	<u>(6,203,699)</u>	
Net adjustment		1,382,926

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. (118,890)

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	(659,098)	
Settlement receivable	<u>(2,700,000)</u>	
		(3,359,098)

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	(673,353)	
Principal repayments:		
Bonds and note payable	3,393,500	
Capital lease financing	<u>891,760</u>	
Net adjustment		3,611,907

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities. (1,102,656)  
*(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 (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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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	\$	53,487	
Amortization of bond premiums		96,502	
Amortization of deferred charges on refunding		(25,343)	
Compensated absences		(15,868)	
Net OPEB liability		(295,661)	
Net pension liability		424,489	
		237,606	\$ 237,606
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.			51,924
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.			(647,732)
		560,098	\$ 560,098
Change in net position of governmental activities			(Concluded)

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

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water Pollution Control Authority</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,444,564	\$ 3,810,567
Receivables:		
Assessments	307,677	-
Sewer usage charges	157,711	-
Connection fees	24,530	-
Inventories	47,138	-
Total current assets	<u>3,981,620</u>	<u>3,810,567</u>
Noncurrent assets:		
Receivables:		
Assessments	2,048,366	-
Connection fees	148,336	-
Capital assets:		
Non-depreciable	102,388	-
Depreciable, net	38,628,016	-
Total noncurrent assets	<u>40,927,106</u>	<u>-</u>
Total assets	<u>44,908,726</u>	<u>3,810,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on pension expense	<u>145,004</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	76,386	36,611
Accrued liabilities	299,159	738,021
Bonds and notes payable	1,421,413	-
Total current liabilities	<u>1,796,958</u>	<u>774,632</u>
Noncurrent liabilities:		
Advance from other funds	1,866,801	-
Bonds and notes payable	19,632,000	-
Net pension liability	458,193	-
Total non-current liabilities	<u>21,956,994</u>	<u>-</u>
Total liabilities	<u>23,753,952</u>	<u>774,632</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred charges on pension expense	<u>107,346</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	17,676,991	-
Unrestricted	3,515,441	3,035,935
Total net position	<u>\$ 21,192,432</u>	<u>\$ 3,035,935</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, 2018

	<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	\$ 2,966,891	\$ 12,121,691
Total operating revenues	<u>2,966,891</u>	<u>12,121,691</u>
<b>OPERATING EXPENSES</b>		
Personnel services	529,790	-
Employee benefits	372,765	-
Utilities	248,091	-
Laboratory	22,234	-
Maintenance and repairs	120,430	-
Process expense	259,373	-
Administration, premiums and claims	130,853	12,769,423
Depreciation and amortization	1,208,763	-
Pension Expense (benefit)	91,087	-
Total operating expenses	<u>2,983,386</u>	<u>12,769,423</u>
Operating loss	(16,495)	(647,732)
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest income	64,606	-
Interest expense	(503,367)	-
Total non-operating expense, net	<u>(438,761)</u>	<u>-</u>
Change in net position before transfers	(455,256)	(647,732)
Transfer in - Contribution towards debt service	<u>1,124,128</u>	<u>-</u>
Change in net position	668,872	(647,732)
Net position - beginning	<u>20,523,560</u>	<u>3,683,667</u>
Net position - ending	<u>\$ 21,192,432</u>	<u>\$ 3,035,935</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, 2018**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water Pollution Control Authority</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for the following:		
Customers and users	\$ 2,875,089	\$ 12,121,691
Cash paid for the following:		
Operating activities	(1,601,402)	(12,665,999)
Net cash provided by (used in) operating activities	<u>1,273,687</u>	<u>(544,308)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on capital debt	(508,483)	-
Principal paid on capital debt	(1,405,443)	-
Interfund activities	1,025,535	-
Net cash used in capital and related financial activities	<u>(888,391)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	64,606	-
Net increase (decrease) in cash and cash equivalents	449,902	(544,308)
Cash and cash equivalents, beginning of year	2,994,662	4,354,875
Cash and cash equivalents, end of year	<u>\$ 3,444,564</u>	<u>\$ 3,810,567</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating loss	\$ (16,495)	\$ (647,732)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,208,763	-
Pension expense	91,087	-
Changes in assets and liabilities:		
Decrease in receivables	189,457	-
Decrease in inventories	10,259	-
Increase in accounts payable	42,518	36,611
Increase in claims payable	-	66,813
Increase in accrued liabilities	29,357	-
Decrease in interfund activities	(281,259)	-
Net cash provided by (used in) operating activities	<u>\$ 1,273,687</u>	<u>\$ (544,308)</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, 2018**

	<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	\$ 779,541	\$ 74,568	\$ 2,845,408
Investments:			
Insurance contracts	57,871,589	-	-
Mutual funds	-	66,060	1,007,165
Corporate bonds	-	-	191,743
Common stock	-	32,600	-
Other	-	162	-
Total assets	<u>58,651,130</u>	<u>173,390</u>	<u>\$ 4,044,316</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	\$ 561,781
Due to others	-	-	3,482,535
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 4,044,316</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 58,651,130</u>	<u>\$ 173,390</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, 2018**

	<b>Pension and Other Post- Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 2,812,258	\$ -
Plan members	315,114	-
Total contributions	3,127,372	-
Investment earnings:		
Interest and dividends	6,907	3,789
Net change in the fair value of investments, net of fees	3,525,752	2,917
Total investment earnings	3,532,659	6,706
Total additions	6,660,031	6,706
<b>DEDUCTIONS</b>		
Benefit payments	3,927,776	650
Administrative expenses	26,930	13
Total deductions	3,954,706	663
Change in net position	2,705,325	6,043
Net position - beginning	55,945,805	167,347
Net position - ending	\$ 58,651,130	\$ 173,390

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

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - 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, \$9,359,878 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.

**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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - 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)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - 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.

**Implementation of Accounting Standards**

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pension. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017.

	<b>Governmental Activities</b>
Net position - beginning, as originally reported	\$ 151,689,497
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	3,536,030
Adjustment to record net other post-employment benefit liability recognized under GASB Statement No. 75	(14,516,460)
	(10,980,430)
Net position - beginning, as adjusted	\$ 140,709,067

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

**Cash and 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.



**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**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, 2018 of \$74,000 and \$71,000, respectively.

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, 2018 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. 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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Capital Assets *(Continued)***

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 defined by the following capitalization thresholds:

<u>Asset Category</u>	<u>Capitalization Threshold</u>
Vehicles, Machinery, Equipment	\$ 5,000
Improvements (Examples: Land improvements, Building modifications or additions, parking lot expansion)	20,000
Infrastructure (Examples: New roads, bridges, water lines, etc.)	100,000

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

<u>Asset Category</u>	<u>Useful Lives</u>
Computer equipment	5
Equipment	5-20
Vehicles	10-20
Sidewalks	20
Minor Building Improvements (e.g. sculptures, signs)	0
Intangible assets (copyrights, patents, etc.)	30-50
Buildings/Maj. Building & Land Improvements:	50-100
Roads, Catch Basins	75

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

**Unearned Revenue**

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

**Deferred Outflows and 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 charges on pension and OPEB 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 charges on OPEB and 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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

***Deferred Outflows and Inflows of Resources (Continued)***

Deferred inflows of resources consist of revenues that are considered unavailable under the modified accrual basis of accounting and deferred charges on OPEB and pension expenses. 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 charges on pension and OPEB expenses are reported in the government-wide financial statements. Deferred charges on pension and OPEB expenses 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.

***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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - 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)***

***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.

***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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**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.

**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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 46,124,465
Statement of fiduciary net position:	
Cash and cash equivalents	3,699,517
	49,823,982
Less: cash equivalents considered investments for disclosure purposes	
	(12,415,779)
	\$ 37,408,203

**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, 2018, \$35,888,609 of the Town's bank balance of \$37,102,740 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 32,299,748
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	3,588,861
	\$ 35,888,609

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, 2018 is as follows:

Government-wide statement of net position:	
Investments	\$ 6,637,514
Statement of fiduciary net position:	
Investments	59,169,157
	65,806,671
Add: cash equivalents considered investments for disclosure purposes	
	12,415,779
	\$ 78,222,450

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

As of June 30, 2018, the Town's investments consist of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)		
			Less Than 1	1 to 5	6 to 10
<b>Debt securities:</b>					
<b>Governmental Activities:</b>					
Short-Term Investment Fund	Net asset value	\$ 11,512,026	\$ 11,512,026	\$ -	\$ -
Municipal bonds	Fair value	1,971,361	248,960	1,098,911	623,490
U.S. Agency securities	Fair value	2,514,351	-	1,462,287	1,052,066
<b>Business-Type Activities:</b>					
Short-Term Investment Fund	Net asset value	829,355	829,355	-	-
<b>Fiduciary:</b>					
Money market mutual funds	Net asset value	74,398	74,398	-	-
Corporate bonds	Fair value	191,743	-	162,693	29,050
		<u>17,093,234</u>	<u>\$ 12,664,739</u>	<u>\$ 2,723,891</u>	<u>\$ 1,704,606</u>
<b>Other investments:</b>					
<b>Governmental Activities:</b>					
Mutual funds	Fair value	2,151,802			
<b>Fiduciary:</b>					
Mutual Funds	Fair value	1,073,225			
Common stock	Fair value	32,600			
Insurance contracts	Contract value	57,871,589			
		<u>\$ 78,222,450</u>			

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

	AAA	AA	A	BBB	Unrated
<b>Debt Securities:</b>					
<b>Governmental Activities:</b>					
Short-Term Investment Fund	\$ 11,512,026	\$ -	\$ -	\$ -	\$ -
Municipal bonds	964,768	1,006,593	-	-	-
U.S. Agency securities	2,514,351	-	-	-	-
<b>Business Type Activities</b>					
Short-Term Investment Fund	829,355	-	-	-	-
<b>Fiduciary Funds:</b>					
Money market mutual funds	-	-	-	-	74,398
Corporate Bonds	10,009	-	55,049	126,685	-

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 2 - 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, 2018, more than 10% of the Town's investments were invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Investments</u>
<b><i>Governmental Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	\$ 11,512,026	63.4%
<b><i>Business Type Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	829,355	100.0%
<b><i>Fiduciary:</i></b>			
Principal Financial Group	Bond Market Index Separate Account-R6	6,303,474	10.6%
Principal Financial Group	Core Plus Bond Separate Account-R6	18,978,924	32.0%



**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 3 - 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, 2018, 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>
<b><i>Governmental Activities:</i></b>			
Municipal bonds	\$ -	\$ 1,971,361	\$ -
U.S. Agency securities	-	2,514,351	-
Mutual funds	2,151,802	-	-
<b><i>Fiduciary Funds:</i></b>			
Corporate bonds	-	191,743	-
Mutual funds	1,073,225	-	-
Common stock	32,600	-	-

Mutual funds and common stock classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 16,906,235	\$ -	\$ -	\$ -	\$ 16,906,235
Construction in progress	5,343,138	6,531,239	(101,607)	(1,545,919)	10,226,851
Total capital assets, not being depreciated	<u>22,249,373</u>	<u>6,531,239</u>	<u>(101,607)</u>	<u>(1,545,919)</u>	<u>27,133,086</u>
Capital assets, being depreciated:					
Buildings and improvements	100,036,651	-	-	658,290	100,694,941
Infrastructure	108,158,480	-	-	124,268	108,282,748
Land improvements	979,970	-	-	691,442	1,671,412
Machinery and equipment	19,983,561	1,055,386	(137,555)	71,919	20,973,311
Total capital assets, being depreciated	<u>229,158,662</u>	<u>1,055,386</u>	<u>(137,555)</u>	<u>1,545,919</u>	<u>231,622,412</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	38,704,579	2,361,834	-	-	41,066,413
Infrastructure	69,294,279	2,239,274	-	-	71,533,553
Land improvements	456,738	67,284	-	-	524,022
Machinery and equipment	9,895,506	1,535,307	(120,272)	-	11,310,541
Total accumulated depreciation and amortization	<u>118,351,102</u>	<u>6,203,699</u>	<u>(120,272)</u>	<u>-</u>	<u>124,434,529</u>
Total capital assets, being depreciated, net	<u>110,807,560</u>	<u>(5,148,313)</u>	<u>(17,283)</u>	<u>1,545,919</u>	<u>107,187,883</u>
Governmental activities capital assets, net	<u>\$ 133,056,933</u>	<u>\$ 1,382,926</u>	<u>\$ (118,890)</u>	<u>\$ -</u>	<u>\$ 134,320,969</u>

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

Governmental Activities:	
General government	\$ 267,272
Public safety	457,276
Public works	2,921,101
Health and welfare	24,484
Culture and recreation	70,449
Education	<u>2,463,117</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 6,203,699</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital asset activity for business-type activities for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Construction in progress	279,333	267,872	-	(449,817)	97,388
Total capital assets, not being depreciated	<u>284,333</u>	<u>267,872</u>	<u>-</u>	<u>(449,817)</u>	<u>102,388</u>
Capital assets, being depreciated:					
Buildings and improvements	29,571,006	659	-	-	29,571,665
Infrastructure	10,466,573	-	-	3,300	10,469,873
Machinery and equipment	8,645,863	12,728	-	446,517	9,105,108
Total capital assets, being depreciated	<u>48,683,442</u>	<u>13,387</u>	<u>-</u>	<u>449,817</u>	<u>49,146,646</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	3,144,543	605,654	-	-	3,750,197
Infrastructure	3,049,882	222,235	-	-	3,272,117
Machinery and equipment	3,115,442	380,874	-	-	3,496,316
Total accumulated depreciation and amortization	<u>9,309,867</u>	<u>1,208,763</u>	<u>-</u>	<u>-</u>	<u>10,518,630</u>
Total capital assets, being depreciated, net	<u>39,373,575</u>	<u>(1,195,376)</u>	<u>-</u>	<u>449,817</u>	<u>38,628,016</u>
Business-type activities capital assets, net	<u>\$ 39,657,908</u>	<u>\$ (927,504)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,730,404</u>

**NOTE 5 - 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, 2018 totaled \$13,500,000. Future annual installments collectible under the settlement agreement are as follows as of June 30, 2018:

<u>Year ending June 30:</u>	<u>Amount</u>
2019	\$ 2,700,000
2020	2,700,000
2021	2,700,000
2022	2,700,000
2023	2,700,000
	<u>\$ 13,500,000</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Water Pollution Control Authority	\$ 1,866,801
	Other Governmental Funds	700,579
		<u>2,567,380</u>
Other Governmental Funds	General Fund	363,893
	Other Governmental Funds	25,676
		<u>389,569</u>
		<u>\$ 2,956,949</u>

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 \$1,866,801 has been presented as an advance as of June 30, 2018.

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018 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	\$ 1,445,000
	Other Governmental Funds	322,500
		<u>1,767,500</u>
Other Governmental Funds	General Fund	2,257,380
	Waste Management Ordinance Fund	55,000
	Capital Projects Funds	910,000
	Other Governmental Funds	430,700
		<u>3,653,080</u>
		<u>\$ 5,420,580</u>
<b>Business Type Activities Funds:</b>		
Water Pollution Control Authority	General Fund	<u>\$ 1,124,128</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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8 - BOND ANTICIPATION NOTES PAYABLE**

In July 2017, the Town retired \$630,000 in previously outstanding bond anticipation notes. In August 2017, the Town issued \$3,360,000 in bond anticipation notes, which were refinanced in April 2018 through the issuance of \$7,360,000 in bond anticipation notes. The \$7,360,000 in bond anticipation notes matured on January 24, 2019 and was refinanced through the issuance of new bond anticipation notes (see Note 16). 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, 2018:

	<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	1.70%	July 2017	\$ 630,000	\$ -	\$ (630,000)	\$ -
Bond anticipation notes payable	1.75%	April 2018	-	3,360,000	(3,360,000)	-
Bond anticipation notes payable	1.00%	January 2019	-	7,360,000	-	7,360,000
			<u>\$ 630,000</u>	<u>\$ 10,720,000</u>	<u>\$ (3,990,000)</u>	<u>\$ 7,360,000</u>

**NOTE 9 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	<u>Beginning Balance (As Adjusted)</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	\$ 20,424,500	\$ -	\$ (3,393,500)	\$ 17,031,000	\$ 3,328,500
Unamortized premium	1,644,848	-	(96,502)	1,548,346	-
Total bonds payable	<u>22,069,348</u>	<u>-</u>	<u>(3,490,002)</u>	<u>18,579,346</u>	<u>3,328,500</u>
Other liabilities:					
Capital leases	1,466,238	673,353	(891,760)	1,247,831	495,016
Compensated absences	1,071,326	32,047	(16,179)	1,087,194	108,719
Net pension liability	14,296,344	-	(424,489)	13,871,855	-
Net OPEB liability	14,516,460	295,661	-	14,812,121	-
	<u>\$ 53,419,716</u>	<u>\$ 1,001,061</u>	<u>\$ (4,822,430)</u>	<u>\$ 49,598,347</u>	<u>\$ 3,932,235</u>
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 3,770,500	\$ -	\$ (366,500)	\$ 3,404,000	\$ 361,500
Other liabilities:					
Notes payable	18,688,356	-	(1,038,943)	17,649,413	1,059,913
Net pension liability	361,450	96,743	-	458,193	-
	<u>\$ 22,820,306</u>	<u>\$ 96,743</u>	<u>\$ (1,405,443)</u>	<u>\$ 21,511,606</u>	<u>\$ 1,421,413</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)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - LONG-TERM LIABILITIES *(Continued)***

**General Obligation Bonds and Notes Payable**

A summary of general obligation bonds and note payable outstanding at June 30, 2018 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	2004	6,472,120	2.0% - 5.0%	2020	\$ 1,366,000
General Obligation Bonds	2008	16,963,000	4.0% - 5.0%	2028	2,570,000
General Obligation Bonds	2010	3,865,000	2.0% - 4.0%	2031	2,205,000
General Obligation Bonds	2017	11,840,000	3.0% - 5.0%	2037	10,890,000
					<u>\$ 17,031,000</u>
<b>Business-type Activities</b>					
Bonds Payable					
General Obligation Bonds	2004	4,630,000	2.0% - 5.0%	2024	\$ 1,389,000
General Obligation Bonds	2008	242,000	4.0% - 5.0%	2019	25,000
General Obligation Bonds	2017	2,100,000	3.0% - 5.0%	2037	1,990,000
					<u>3,404,000</u>
Notes Payable					
State of Connecticut Clean Water Fund	2013	22,165,429	2.0%	2033	17,649,413
					<u>\$ 21,053,413</u>

Annual debt service requirements to maturity on general obligation bonds and the notes payable are as follows as of June 30, 2018:

<u>Year ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,328,500	\$ 634,532	\$ 3,963,032
2020	1,853,500	526,761	2,380,261
2021	1,348,500	445,739	1,794,239
2022	1,263,500	386,050	1,649,550
2023	1,263,500	327,313	1,590,813
2024-2028	5,438,500	878,512	6,317,012
2029-2033	2,035,000	225,911	2,260,911
2034-2038	500,000	39,530	539,530
	<u>\$ 17,031,000</u>	<u>\$ 3,464,348</u>	<u>\$ 20,495,348</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - 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	
2019	\$ 361,500	\$ 130,271	\$ 1,059,913	\$ 343,307	\$ 1,894,991
2020	336,500	116,186	1,081,307	321,914	1,855,907
2021	336,500	101,444	1,103,132	300,088	1,841,164
2022	336,500	86,471	1,125,398	277,822	1,826,191
2023	336,500	71,383	1,148,114	255,107	1,811,104
2024-2028	826,500	198,978	6,097,675	918,427	8,041,580
2029-2033	725,000	87,000	6,033,874	280,621	7,126,495
2034-2038	145,000	4,350	-	-	149,350
	<u>\$ 3,404,000</u>	<u>\$ 796,083</u>	<u>\$ 17,649,413</u>	<u>\$ 2,697,286</u>	<u>\$ 24,546,782</u>

**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, 2018.

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	<b>Governmental Activities</b>
Equipment	\$ 5,216,009
Less: accumulated amortization	1,716,268
	<u>\$ 3,499,741</u>

Amortization expense relative to leased property under capital leases totaled \$442,157 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 4.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - LONG-TERM LIABILITIES *(Continued)***

**Capital Leases *(Continued)***

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 is as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2019	\$ 515,138
2020	330,907
2021	199,215
2022	116,066
2023	116,066
Total minimum lease payments	1,277,392
Less: amount representing interest	29,561
Present value of minimum lease payments	\$ 1,247,831

**NOTE 10 - 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 June 30, 2018:

Retirees and beneficiaries receiving benefits	249
Terminated plan members entitled to but not yet receiving benefits	113
Active plan members	405
	767



**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

*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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

***Pension Trust Fund (Continued)***

**Plan Description *(Continued)***

**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, 2018, 100% of the Town Plan's investments were invested in insurance contracts issued by the Principal Financial Group.

*Rate of return* - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was approximately 6.28%. 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, 2018, were as follows:

Total pension liability	\$ 72,201,637
Plan fiduciary net position	<u>57,871,589</u>
Net pension liability	<u><u>\$ 14,330,048</u></u>

Plan fiduciary net position as a percentage of the total pension liability	80.15%
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**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)**

**Net Pension Liability (Continued)**

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2018, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 69,930,965	\$ 55,273,171	\$ 14,657,794
<b>Changes for the year:</b>			
Service cost	1,432,314	-	1,432,314
Interest	5,164,801	-	5,164,801
Differences between expected and actual experience	(1,127,221)	-	(1,127,221)
Change in assumption	728,554	-	728,554
Contributions - employer	-	2,712,258	(2,712,258)
Contributions - employee	-	315,114	(315,114)
Net investment income	-	3,525,752	(3,525,752)
Benefit payments, including refunds	(3,927,776)	(3,927,776)	-
Administrative expense	-	(26,930)	26,930
<b>Net changes</b>	<u>2,270,672</u>	<u>2,598,418</u>	<u>(327,746)</u>
Balance as of June 30, 2018	<u>\$ 72,201,637</u>	<u>\$ 57,871,589</u>	<u>\$ 14,330,048</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.

*Actuarial assumptions* - The total pension liability for the Town Plan was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.50%
Investment rate of return, including inflation	7.35%
Discount rate	7.35%

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

***Pension Trust Fund (Continued)***

**Net Pension Liability *(Continued)***

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	28.56%	27.30%	7.20%
International Equity	14.35%	14.70%	5.25%
Fixed Income	55.00%	50.00%	4.98%
Real Estate / Other	2.09%	8.00%	N/A

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 7.35%. 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.

*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 7.35% 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 (6.35%) or 1-percentage-point higher (8.35%) than the current rate:

	<u>1% Decrease (6.35%)</u>	<u>Current Discount (7.35%)</u>	<u>1% Increase (8.35%)</u>
Town Plan's net pension liability as of June 30, 2018	\$ 25,763,419	\$ 14,330,048	\$ 7,492,685

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

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

For the year ended June 30, 2018, the Town recognized pension expense related to the Town Plan of \$2,504,547. At June 30, 2018, 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>	<b>Net Deferred Outflows (Inflows) of Resources</b>
Difference between expected and actual experience	\$ 141,781	\$ (2,238,626)	\$ (2,096,845)
Changes of assumptions and demographics	2,399,397	(455,069)	1,944,328
Difference between projected and actual earnings on plan investments	<u>1,993,828</u>	<u>(663,574)</u>	<u>1,330,254</u>
Total	<u>\$ 4,535,006</u>	<u>\$ (3,357,269)</u>	<u>\$ 1,177,737</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:

Year ended June 30,	<b>Amortization Expense</b>
2019	\$ 1,023,456
2020	662,785
2021	(356,922)
2022	(117,400)
2023	<u>(34,182)</u>
	<u>\$ 1,177,737</u>

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Benefit Provisions**

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

*Normal Retirement:* Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

**Contributions**

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, 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 100% of an employer's contributions on-behalf of its participating municipalities at an actually determined rate. Effective January 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Administrative Expenses**

Administrative costs of the plan are funded by the State.

**Basis of Presentation**

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

**Allocation Methodology**

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$5,956,283 or 0.59% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$9,190,886. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$79,457,277 or approximately 0.59% of the total collective net pension liability.

**Actuarial Assumptions**

The total pension liability as of June 30, 2016, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)**

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

**Actuarial Assumptions (Continued)**

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

**Long-Term Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Fixed Income (Core)	7.0%	1.30%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative Investments	8.0%	4.10%
Inflation Linked Bonds	3.0%	1.00%
Cash	6.0%	0.40%
Real Estate	7.0%	5.10%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
	100.0%	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. 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.



**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Proportionate Share of the Collective Net Pension Liability**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount (8.00%)</b>	<b>1% Increase (9.00%)</b>
Proportionate share of the net pension liability attributed to the Town	\$ 99,457,080	\$ 79,457,277	\$ 62,548,696

**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 11 - 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, 2018, the Town contributed \$40,500 to the fund for awards earned by participants for the fiscal 2017 service year.

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Town administers an Other Post-Employment Benefits Plan (the "OPEB Plan"), which is a single-employer defined benefit healthcare plan. The OPEB 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 OPEB Plan is considered to be part of the Town's financial reporting entity. The OPEB Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**Plan Membership**

At June 30, 2018, plan membership consisted of the following:

	<u>Police</u>	<u>Teachers</u>	<u>Total</u>
Current retirees, beneficiaries, and dependents	21	74	95
Current active participants	39	311	350
	<u>60</u>	<u>385</u>	<u>445</u>

**Plan Provisions**

Contribution requirements of the plan members and the Town are established 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.

**Net OPEB Liability**

The Town's net OPEB liability reported as of June 30, 2018 totaled \$14,812,121. The total OPEB liability was measured as of June 30, 2018 using an actuarial valuation performed as of July 1, 2016.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**Net OPEB Liability *(Continued)***

*Actuarial Assumptions and Other Inputs* – The net OPEB liability as of June 30, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	July 1, 2016
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	3.57%
Investment rate of return	7.50%
Projected salary increases	4.5%, includes inflation
Healthcare cost trend rate	5.9% initial 3.8% final

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the RP-2014 Mortality Tables for Males and Females projected forward 18 years.

**Changes in the Net OPEB Liability**

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance as of June 30, 2017	\$ 15,189,094	\$ 672,634	\$ 14,516,460
<b>Changes for the year:</b>			
Service cost	563,565	-	563,565
Interest	530,982	-	530,982
Differences between expected and actual experience	(128,494)	-	(128,494)
Change in assumption	(99,718)	-	(99,718)
Contributions - employer	-	563,767	(563,767)
Contributions - employee	-	-	-
Net investment income	-	6,907	(6,907)
Benefit payments, including refunds	(463,767)	(463,767)	-
Administrative expense	-	-	-
<b>Net changes</b>	<u>402,568</u>	<u>106,907</u>	<u>295,661</u>
Balance as of June 30, 2018	<u>\$ 15,591,662</u>	<u>\$ 779,541</u>	<u>\$ 14,812,121</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

***Town and Board of Education Plan (Continued)***

**Changes in the Net OPEB Liability (Continued)**

Changes in assumptions primarily reflects a change in the discount rate from 3.57% to 3.62% as of June 30, 2018 measurement date.

*Sensitivity of the net OPEB asset to changes in the discount rate* - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (2.62%)</u>	<u>Current Discount (3.62%)</u>	<u>1% Increase (4.62%)</u>
Town's net OPEB liability as of June 30, 2018	\$ 16,543,410	\$ 14,812,121	\$ 13,305,993

*Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates* - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Town's net OPEB liability as of June 30, 2018	\$ 12,619,229	\$ 14,812,121	\$ 17,531,328

**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,021,835. As of June 30, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
Difference between expected and actual experience	\$ -	\$ (3,877,781)	\$ (3,877,781)
Changes of assumptions and demographics	2,852,922	-	2,852,922
Difference between projected and actual earnings on plan investments	47,894	-	47,894
Total	<u>\$ 2,900,816</u>	<u>\$ (3,877,781)</u>	<u>\$ (976,965)</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**OPEB Expense and Deferred Outflows and Inflows of Resources *(Continued)***

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

Year ended June 30,	<u>Amortization Pension Expense</u>
2019	\$ 46,217
2020	46,217
2021	46,217
2022	56,960
2023	60,867
Thereafter	720,487
	<u>\$ 976,965</u>

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

**Benefit Provisions**

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

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

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

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Benefit Provisions *(Continued)***

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

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Contributions**

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Administrative Expenses**

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

**Basis of Presentation**

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Allocation Methodology**

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$117,235 or 0.588% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$947,821. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$20,451,392 or approximately 0.588% of the total collective net OPEB liability.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre- Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Long-Term Rate of Return**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric 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>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.



**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Proportionate Share of the Collective Net Pension Liability**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	<b>1.00% Decrease (2.56%)</b>	<b>Current Rate (3.56%)</b>	<b>1.00% Increase (4.56%)</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 24,647,202	\$ 20,451,392	\$ 17,152,276

*Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 16,838,874	\$ 20,451,392	\$ 25,315,204

**NOTE 13 - 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 2018 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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 13 - RISK MANAGEMENT (Continued)**

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2018. 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, 2018 and 2017 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>
2017	\$ 995,800	\$ 10,534,958	\$ 11,530,758	\$ 671,208
2018	671,208	12,769,423	12,665,999	774,632

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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 14 - FUND BALANCE**

As of June 30, 2018, fund balances have been classified based on the following purposes:

	General Fund	Waste Management Ordinance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Advances to other funds	\$ 1,866,801	\$ -	\$ -	\$ -	\$ 1,866,801
Inventories	33,442	-	-	15,141	48,583
	<u>1,900,243</u>	<u>-</u>	<u>-</u>	<u>15,141</u>	<u>1,915,384</u>
Restricted for:					
Health and Welfare:					
Charitable programs	-	-	-	87,588	87,588
Debt Service	351,500	-	-	-	351,500
Education:					
School lunch program	-	-	-	907,890	907,890
Education programs	-	-	-	812	812
Capital purposes:					
Enabling legislation	-	9,359,878	-	-	9,359,878
Unspent bond proceeds	-	-	5,833,392	591,217	6,424,609
Grant programs	-	-	-	84,190	84,190
	<u>351,500</u>	<u>9,359,878</u>	<u>5,833,392</u>	<u>1,671,697</u>	<u>17,216,467</u>
Committed to:					
Health and welfare	-	-	-	101,602	101,602
Library	-	-	-	2,267,375	2,267,375
Education	-	-	-	67,898	67,898
Public works	-	-	-	64,832	64,832
Capital purposes	-	-	-	1,642,461	1,642,461
Volunteer fire	406,541	-	-	-	406,541
	<u>406,541</u>	<u>-</u>	<u>-</u>	<u>4,144,168</u>	<u>4,550,709</u>
Assigned to:					
Property tax stabilization	-	1,039,987	-	-	1,039,987
Use in fiscal year 2019:					
Original budgetary appropriation	250,000	-	-	-	250,000
Supplemental appropriation	250,000	-	-	-	250,000
Supplemental appropriation - capital purposes	1,500,000	-	-	-	1,500,000
Carried in force appropriations	389,321	-	-	-	389,321
General government - encumbrances	7,690	-	-	-	7,690
Public safety - encumbrances	8,794	-	-	-	8,794
Public works - encumbrances	7,224	-	-	-	7,224
Health and welfare - encumbrances	1,010	-	-	-	1,010
Culture and recreation - encumbrances	5,949	-	-	-	5,949
Capital purposes - encumbrances	169,792	-	-	-	169,792
Other purposes	259,629	-	-	-	259,629
	<u>2,849,409</u>	<u>1,039,987</u>	<u>-</u>	<u>-</u>	<u>3,889,396</u>
Unassigned	17,562,227	-	(7,360,000)	(28,003)	10,174,224
	<u>\$ 23,069,920</u>	<u>\$ 10,399,865</u>	<u>\$ (1,526,608)</u>	<u>\$ 5,803,003</u>	<u>\$ 37,746,180</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 14 - FUND BALANCE *(Continued)***

**Deficit Fund Balances**

The following funds have deficit fund balances as of June 30, 2018, none of which constitutes a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Capital Projects Fund	\$ 1,526,608
STEAP Grants Fund	28,003

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 15 - 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 16 - SUBSEQUENT EVENT**

In January 2019, the Town issued \$7,360,000 of bond anticipation notes to refinance previously outstanding bond anticipation notes. The \$7,360,000 in bond anticipation notes bear an interest rate of 2.75% and mature on July 25, 2019.

**NOTE 17 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 17 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS *(Continued)***

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF NEW MILFORD, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 78,781,696	\$ 78,781,696	\$ 79,036,659	\$ 254,963
Licenses and permits	644,702	648,702	533,849	(114,853)
Intergovernmental	15,034,941	15,041,841	12,813,469	(2,228,372)
Charges for services	3,876,978	4,239,809	4,701,579	461,770
Investment earnings	95,000	95,000	446,501	351,501
Total revenues	<u>98,433,317</u>	<u>98,807,048</u>	<u>97,532,057</u>	<u>(1,274,991)</u>
<b>EXPENDITURES</b>				
Current:				
General government	12,284,977	12,355,437	11,824,462	(530,975)
Public safety	6,756,824	7,086,699	6,621,483	(465,216)
Public works	5,659,136	5,659,136	5,539,264	(119,872)
Health and welfare	2,325,783	2,354,636	2,291,151	(63,485)
Culture and recreation	1,527,295	1,532,926	1,246,796	(286,130)
Education	62,810,588	62,810,587	62,360,587	(450,000)
Debt service:				
Principal payments	4,897,536	4,897,536	4,897,536	-
Interest and fiscal charges	1,887,956	1,887,956	1,955,661	67,705
Capital outlays	1,818,979	1,976,645	1,808,685	(167,960)
Total expenditures	<u>99,969,074</u>	<u>100,561,558</u>	<u>98,545,625</u>	<u>(2,015,933)</u>
Excess (deficiency) of revenues over expenditures	(1,535,757)	(1,754,510)	(1,013,568)	740,942
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	250,000	733,159	-	(733,159)
Transfers in	2,331,403	2,331,403	2,331,403	-
Transfers out	(1,045,646)	(1,310,052)	(1,299,477)	10,575
Total other financing sources (uses)	<u>1,535,757</u>	<u>1,754,510</u>	<u>1,031,926</u>	<u>(722,584)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ 18,358</u>

See accompanying notes to the required supplementary information.



**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Property taxes:</b>				
Revenues from property taxes	\$ 78,181,696	\$ 78,181,696	\$ 78,460,472	\$ 278,776
Interest and lien fees	600,000	600,000	576,187	(23,813)
Total property taxes	<u>78,781,696</u>	<u>78,781,696</u>	<u>79,036,659</u>	<u>254,963</u>
<b>Licenses and permits:</b>				
Building permits	467,500	467,500	378,518	(88,982)
Inland/Wetlands fees	4,400	4,400	15,089	10,689
Inland/Wetlands significant activity fees	8,800	12,800	11,566	(1,234)
Planning commission	4,400	4,400	-	(4,400)
Police protective licenses	53,702	53,702	16,820	(36,882)
Sanitary permits	35,500	35,500	44,375	8,875
Zoning board of appeals	3,300	3,300	2,594	(706)
Zoning commission	55,000	55,000	53,515	(1,485)
Zoning self-sustaining fees	12,100	12,100	11,372	(728)
Total licenses and permits	<u>644,702</u>	<u>648,702</u>	<u>533,849</u>	<u>(114,853)</u>
<b>Intergovernmental revenues:</b>				
Commission on aging - Housatonic Transit	71,080	71,080	50,048	(21,032)
Education cost sharing grant	12,006,780	12,006,780	10,106,371	(1,900,409)
Health services block grant	6,062	6,062	105,672	99,610
Local capital improvement program	192,641	192,641	351,500	158,859
Mashantucket Pequot	76,718	76,718	49,577	(27,141)
Bioterrorism grant	12,700	12,700	29,087	16,387
Payment in lieu of taxes - colleges and hospitals	89,321	89,321	52,346	(36,975)
Payment in lieu of taxes - state owned property	194	194	178	(16)
Lead compliance	2,500	2,500	-	(2,500)
Municipal Grants-in-Aid	674,203	674,203	674,203	-
Property tax relief for elderly homeowners freeze	154,000	154,000	-	(154,000)
Property tax relief for totally disabled	2,500	2,500	2,436	(64)
Property tax relief for veterans	12,000	12,000	12,590	590
School building grants	558,316	558,316	771,759	213,443
Other school grants	22,091	22,091	24,655	2,564
Youth services bureau grant	28,387	34,487	25,184	(9,303)
Town Aid Road grant	559,550	559,550	557,063	(2,487)
Municipal purposes and projects	565,898	565,898	-	(565,898)
Total intergovernmental revenue	<u>15,034,941</u>	<u>15,041,841</u>	<u>12,813,469</u>	<u>(2,228,372)</u>

*(Continued)*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Ambulance debt reimbursement	\$ 213,750	\$ 213,750	\$ 213,750	\$ -
Assessors fees	2,200	2,200	2,227	27
Commission on aging	67,798	67,798	30,709	(37,089)
Commission on arts	500	500	250	(250)
Deferred revenue applied	-	86,831	86,831	-
Film commission	-	-	300	300
Fire marshal fees	40,000	40,000	43,868	3,868
Hazardous waste	22,250	22,250	18,751	(3,499)
Health services	35,856	35,856	36,960	1,104
Park and recreation commission fees	610,213	610,213	505,045	(105,168)
Parking violations	31,100	31,100	36,318	5,218
Passport fees	14,000	14,000	11,140	(2,860)
Private duty police	50,000	294,000	478,260	184,260
Probate court cost sharing	10,311	35,311	39,802	4,491
Police insurance reports	10,338	10,338	7,022	(3,316)
Town clerk - LOCIP revenue	12,000	12,000	11,304	(696)
Revenues unclassified	88,304	88,304	729,790	641,486
Sales of town assets	-	-	17,600	17,600
Sullivan farm revenue programs	49,000	56,000	34,052	(21,948)
Teen center	60,000	60,000	67,739	7,739
Telephone access grant	75,000	75,000	52,907	(22,093)
Tuition revenue	1,288,875	1,288,875	1,135,195	(153,680)
Town clerk fees	633,000	633,000	632,117	(883)
Town property rentals	37,500	37,500	7,371	(30,129)
Youth services	524,983	524,983	502,271	(22,712)
Total charges for services	<u>3,876,978</u>	<u>4,239,809</u>	<u>4,701,579</u>	<u>461,770</u>
Investment earnings	<u>95,000</u>	<u>95,000</u>	<u>446,501</u>	<u>351,501</u>
Total revenues	<u>98,433,317</u>	<u>98,807,048</u>	<u>97,532,057</u>	<u>(1,274,991)</u>
Other financing sources:				
Appropriation of fund balance	250,000	733,159	-	(733,159)
Transfers in	<u>2,331,403</u>	<u>2,331,403</u>	<u>2,331,403</u>	<u>-</u>
Total other financing sources	<u>2,581,403</u>	<u>3,064,562</u>	<u>2,331,403</u>	<u>(733,159)</u>
Total revenues and other financing sources	<u>\$ 101,014,720</u>	<u>\$ 101,871,610</u>	<u>\$ 99,863,460</u>	<u>\$ (2,008,150)</u>

*(Concluded)*

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Town council	\$ 11,300	\$ 11,500	\$ 11,453	\$ (47)
Mayor	205,619	207,119	206,964	(155)
Western CT Council of Governments	21,159	21,159	21,159	-
Gaylordsville School	500	600	594	(6)
Sullivan Road School	250	250	226	(24)
Board of finance	1,635	2,235	2,191	(44)
Finance office	386,359	396,359	390,836	(5,523)
Audit	55,000	55,000	43,500	(11,500)
Pension committee	500	500	-	(500)
Utilities, gasoline & postage	876,971	880,025	833,601	(46,424)
Annual town report	750	750	750	-
Service contracts, office machinery	16,900	17,360	17,353	(7)
Duplicating, copying	31,500	33,150	33,108	(42)
Transportation	6,000	9,000	7,498	(1,502)
Assessors office	238,184	238,184	231,078	(7,106)
Tax collector	185,161	185,161	172,605	(12,556)
Board of tax review	3,950	3,950	3,562	(388)
Tax rebates and refunds	50,000	65,000	63,199	(1,801)
Legal	346,874	491,874	454,288	(37,586)
Personnel	175,351	177,351	156,197	(21,154)
Housatonic probate court	19,982	39,482	39,482	-
Fringe benefits	8,157,907	8,157,907	7,874,339	(283,568)
Information technology	398,641	429,641	428,508	(1,133)
Town clerk	243,356	243,356	234,766	(8,590)
Registrars of voters	179,770	179,770	171,747	(8,023)
Planning commission	129,245	164,245	137,776	(26,469)
Zoning commission	152,560	152,560	148,772	(3,788)
Zoning board of appeals	3,241	3,241	2,699	(542)
Inland wetlands	136,312	140,312	136,211	(4,101)
Contingency	250,000	48,396	-	(48,396)
Total general government	<u>12,284,977</u>	<u>12,355,437</u>	<u>11,824,462</u>	<u>(530,975)</u>

*(Continued)*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public safety:</b>				
Police	\$ 5,150,844	\$ 5,171,779	\$ 4,821,170	\$ (350,609)
Police private duty	50,000	294,000	293,200	(800)
Fire department	610,377	672,377	584,015	(88,362)
Water company fire hydrants	96,000	98,400	98,375	(25)
Fire marshal	172,561	172,561	171,157	(1,404)
Building inspector	240,868	241,408	241,406	(2)
Dog pound	137,000	137,000	135,273	(1,727)
Traffic authority	2,150	2,150	1,186	(964)
Local emergency planning	5,000	5,000	1,799	(3,201)
Community ambulance	280,024	280,024	264,844	(15,180)
Tree warden	12,000	12,000	9,058	(2,942)
Total public safety	<u>6,756,824</u>	<u>7,086,699</u>	<u>6,621,483</u>	<u>(465,216)</u>
<b>Public works:</b>				
Highways, streets, and bridges	4,636,310	4,636,310	4,558,127	(78,183)
Recycling	342,745	342,745	335,708	(7,037)
Building maintenance	680,081	680,081	645,429	(34,652)
Total public works	<u>5,659,136</u>	<u>5,659,136</u>	<u>5,539,264</u>	<u>(119,872)</u>
<b>Health and welfare:</b>				
Director of health	373,757	388,344	382,040	(6,304)
Commission on aging	469,194	469,194	459,927	(9,267)
Youth services agency	392,635	405,735	395,267	(10,468)
The MAXX	139,272	139,272	128,005	(11,267)
Youth services agency	528,773	528,773	502,646	(26,127)
Social services	208,491	209,591	209,539	(52)
Contributions	213,661	213,727	213,727	-
Total health and welfare	<u>2,325,783</u>	<u>2,354,636</u>	<u>2,291,151</u>	<u>(63,485)</u>
<b>Culture and recreation:</b>				
Commission on the arts	19,090	33,987	27,938	(6,049)
Park and recreation	1,224,190	1,224,990	982,788	(242,202)
Acquifer protection agency	1,500	1,500	472	(1,028)
Housatonic River Commission	350	284	-	(284)
Candlewood Lake Authority	77,800	77,800	77,800	-
Lake Lillinonah Authority	26,000	26,000	25,909	(91)
Conservation Commission	1,330	1,330	300	(1,030)
Farmland preservation	7,500	7,500	5,815	(1,685)
Economic development office	101,291	91,291	58,880	(32,411)
Economic development commission	2,750	2,750	1,400	(1,350)
Housatonic Regional Transit	65,494	65,494	65,494	-
Total culture and recreation	<u>1,527,295</u>	<u>1,532,926</u>	<u>1,246,796</u>	<u>(286,130)</u>

*(Continued)*

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Education:</b>				
Education - operations	\$ 62,810,588	\$ 62,360,587	\$ 62,032,684	\$ (327,903)
Education - return of appropriation to Town to offset revenue shortfall	-	450,000	-	(450,000)
Education - transfer of year end surplus to Capital Reserve	-	-	327,903	327,903
<b>Total education</b>	<u>62,810,588</u>	<u>62,810,587</u>	<u>62,360,587</u>	<u>(450,000)</u>
<b>Debt service:</b>				
Principal payments	4,897,536	4,897,536	4,897,536	-
Interest and fiscal charges	1,887,956	1,887,956	1,955,661	67,705
<b>Total debt service</b>	<u>6,785,492</u>	<u>6,785,492</u>	<u>6,853,197</u>	<u>67,705</u>
<b>Capital outlays:</b>				
Finance office	5,000	5,000	-	(5,000)
Youth agency	9,095	9,095	-	(9,095)
Police equipment	140,640	154,623	151,735	(2,888)
Community ambulance	35,900	10,900	10,900	-
Public works highway	1,097,876	1,138,097	1,041,870	(96,227)
Fire department	260,000	260,000	260,000	-
Parks and recreation	58,381	91,013	64,428	(26,585)
Other	-	11,805	7,987	(3,818)
Assessor	10,000	10,000	6,533	(3,467)
Commission on aging	1,500	1,500	1,365	(135)
Building maintenance - all buildings	49,900	108,489	108,426	(63)
Computer hardware and software - Town	73,000	73,000	68,172	(4,828)
Building maintenance - police works	75,000	75,000	59,146	(15,854)
Historic probate court	2,687	28,123	28,123	-
<b>Total capital outlays</b>	<u>1,818,979</u>	<u>1,976,645</u>	<u>1,808,685</u>	<u>(167,960)</u>
<b>Total expenditures</b>	<u>99,969,074</u>	<u>100,561,558</u>	<u>98,545,625</u>	<u>(2,015,933)</u>
<b>Other financing uses:</b>				
Library operating appropriation	1,045,646	1,045,646	1,023,046	(22,600)
Transfers out	-	264,406	276,431	12,025
<b>Total other financing uses</b>	<u>1,045,646</u>	<u>1,310,052</u>	<u>1,299,477</u>	<u>(10,575)</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 101,014,720</u>	<u>\$ 101,871,610</u>	<u>\$ 99,845,102</u>	<u>\$ (2,026,508)</u>

*(Concluded)*

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**LAST FIVE FISCAL YEARS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 1,432,314	\$ 1,405,712	\$ 1,557,262	\$ 1,462,144	\$ 1,148,927
Interest	5,164,800	4,850,343	4,914,704	4,555,324	4,353,434
Differences between expected and actual experience	(1,127,221)	(1,691,087)	279,655	(328,502)	(327,779)
Changes of assumptions	728,554	(728,055)	1,066,294	3,620,085	-
Benefit payments, including refunds	(3,927,776)	(2,936,720)	(2,984,077)	(2,767,067)	(2,648,260)
Net change in total pension liability	2,270,671	900,193	4,833,838	6,541,984	2,526,322
Total pension liability - beginning	69,930,965	69,030,772	64,196,934	57,654,950	55,128,628
Total pension liability - ending	72,201,636	69,930,965	69,030,772	64,196,934	57,654,950
<b>Plan fiduciary net position</b>					
Contributions - employer	2,712,258	2,746,760	2,327,020	2,466,641	2,198,729
Contributions - members	315,114	320,558	317,343	292,426	297,706
Net investment income	3,525,751	4,689,567	1,012,365	2,107,491	6,845,411
Benefit payments, including refunds	(3,927,776)	(2,936,720)	(2,984,077)	(2,767,067)	(2,648,260)
Administrative expense	(26,930)	(36,090)	(80)	(160)	(21,352)
Net change in plan fiduciary net position	2,598,417	4,784,075	672,571	2,099,331	6,672,234
Plan fiduciary net position - beginning	55,273,171	50,489,096	49,816,525	47,717,194	41,044,960
Plan fiduciary net position - ending	57,871,588	55,273,171	50,489,096	49,816,525	47,717,194
<b>Town's net pension liability</b>	<b>\$ 14,330,048</b>	<b>\$ 14,657,794</b>	<b>\$ 18,541,676</b>	<b>\$ 14,380,409</b>	<b>\$ 9,937,756</b>
Plan fiduciary net position as a percentage of total pension liability	80.15%	79.04%	73.14%	77.60%	82.76%
Covered payroll	\$ 19,360,207	\$ 18,714,717	\$ 18,793,828	\$ 18,361,947	\$ 18,130,859
Town's net pension liability as a percentage of covered payroll	74.02%	78.32%	98.66%	78.32%	54.81%

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,698,668	\$ 2,746,760	\$ 2,303,221	\$ 2,450,105	\$ 2,348,968
Contributions in relation to the actuarially determined contribution	<u>2,712,258</u>	<u>2,746,760</u>	<u>2,327,020</u>	<u>2,466,641</u>	<u>2,198,729</u>
Contribution deficiency (excess)	<u>\$ (13,590)</u>	<u>\$ -</u>	<u>\$ (23,799)</u>	<u>\$ (16,536)</u>	<u>\$ 150,239</u>
Covered payroll	\$ 19,360,207	\$ 18,714,717	\$ 18,793,828	\$ 18,361,947	\$ 18,130,859
Contributions as a percentage of covered payroll	14.01%	14.68%	12.38%	13.43%	12.13%
Annual money-weighted rate of return, net of investment expense	6.28%	9.52%	2.01%	4.32%	15.81%

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)**  
**LAST FOUR FISCAL YEARS**  
**(Rounded to Nearest Thousand)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.588%	0.588%	0.710%	0.710%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	<u>79,457,000</u>	<u>83,828,000</u>	<u>77,952,000</u>	<u>72,051,000</u>
Total	<u>\$ 79,457,000</u>	<u>\$ 83,828,000</u>	<u>\$ 77,952,000</u>	<u>\$ 72,051,000</u>
Town's covered payroll	\$ 23,478,284	\$ 23,252,313	\$ 30,765,682	\$ 27,539,504
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

*See accompanying notes to the required supplementary information.*



**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM (UNAUDITED)**  
**LAST TWO FISCAL YEARS**

	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 563,565	\$ 632,872
Interest	530,982	452,370
Changes in benefit terms	-	-
Differences between expected and actual experience	(128,494)	(4,203,534)
Changes of assumptions	(99,718)	3,297,846
Benefit payments, including refunds	(463,767)	(729,668)
Net change in total OPEB liability	402,568	(550,114)
Total OPEB liability - beginning	15,189,094	15,739,208
Total OPEB liability - ending	15,591,662	15,189,094
<b>Plan fiduciary net position</b>		
Contributions - employer	563,767	729,668
Contributions - members	-	-
Net investment income	6,907	3,616
Benefit payments, including refunds	(463,767)	(729,668)
Administrative expense	-	-
Net change in plan fiduciary net position	106,907	3,616
Plan fiduciary net position - beginning	672,634	669,018
Plan fiduciary net position - ending	779,541	672,634
<b>Town's net OPEB liability</b>	<b>\$ 14,812,121</b>	<b>\$ 14,516,460</b>
Plan fiduciary net position as a percentage of total OPEB liability	5.00%	4.43%
Covered employee payroll	\$ 27,349,000	\$ 26,171,204
Town's net OPEB liability as a percentage of covered employee payroll	54.16%	55.47%

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM (UNAUDITED)**  
**LAST TWO FISCAL YEARS**

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	<b>2018</b>	<b>2017</b>
Actuarially determined contribution	\$ 1,359,780	\$ 1,394,802
Contributions in relation to the actuarially determined contribution:		
Contributions to trust	100,000	-
Contributions by Internal Service Fund	463,767	729,668
	563,767	729,668
Contribution deficiency	\$ 796,013	\$ 665,134
Covered employee payroll	\$ 27,349,000	\$ 26,171,204
Contributions as a percentage of covered employee payroll	2.06%	2.79%
Annual money-weighted rate of return, net of investment expense	0.96%	0.54%

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)**  
**LAST FISCAL YEAR**  
(Rounded to the Nearest Thousand)

	<b>2018</b>
Proportion of the net OPEB liability attributed to the Town	0.588%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	<u>20,451,000</u>
Total	<u><u>\$ 20,451,000</u></u>
Town's covered payroll	\$ 23,478,284
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

*See accompanying notes to the required supplementary information.*

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND**

**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, 2018, the Board of Finance and, where required, Town meetings approved additional appropriations from fund balance of \$483,159.
- 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 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND**

**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, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 97,532,057	\$ 98,545,625	\$ 1,031,926	\$ 18,358
"On-behalf" payments - State Teachers Retirement Fund	6,073,518	6,073,518	-	-
Changes in encumbrances	600	(200,274)	-	200,874
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	878,780	878,780	-	-
Certain items recorded as transfers for budgetary purposes	-	(2,610,792)	(2,610,792)	-
Volunteer Fire Fund	2,492	(155,000)	-	157,492
Noncash capital lease financing activity	-	673,353	673,353	-
GAAP basis	<u>\$ 104,487,447</u>	<u>\$ 103,205,210</u>	<u>\$ (905,513)</u>	<u>\$ 376,724</u>

**NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN GENERAL PENSION PLAN**

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. This information is utilized by the Town for reporting as of June 30, 2018.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes had a significant effect on the calculation of the Town’s total pension liability calculated as June 30, 2018:

- The discount rate was lowered from 7.50% to 7.35%

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN GENERAL PENSION PLAN**

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of July 1, 2018, prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

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:	3.00%
Investment rate of return:	7.35%
Salary increases:	2.50%
Retirement age:	Ranges from 55 to 70

Mortality rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2017 for Healthy and on RP-2014 (adjusted back to 2006) Disabled Retiree table projected generationally with Scale MP-2017 for Disabled.

**NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

*Benefit changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM *(Continued)***

*Assumption changes* - The following significant assumptions were changed in connection with the most recent valuation:

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

**NOTE 5 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The Net OPEB Liability measured as of July 1, 2016 and July 1, 2017, were determined based upon the results of the actuarial valuation as of July 1, 2016, adjusted to the measurement date of June 30, 2018.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

*Assumption Changes* - The following significant assumptions were changed in connection with the most recent valuation:

- the discount rate increased from 3.57% to 3.62%
- the real rate of return assumption was reduced from 7.50% to 4.00%
- a general change in the mortality table from the MP-2017 to the MP-2018

**NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

*Assumption Changes* - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

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***Appendix B***

***Form of Opinion of Bond Counsel and Tax Status***

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## APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

*The following information has been prepared by Bond Counsel in connection with this bond and note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.*

### BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds and Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds and Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds and Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds and Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of New Milford  
New Milford, Connecticut

We have represented the Town of New Milford, Connecticut as Bond Counsel in connection with the issuance by the Town of \$8,835,000 General Obligation Bonds, Issue of 2019, Series A, \$2,270,000 General Obligation Refunding Bonds, Issue of 2019, Series B, and \$11,000,000 Bond Anticipation Notes, each dated as of July 25, 2019.

We have examined a record of proceedings authorizing the Bonds and Notes, and based on our examination, we are of the opinion that the Town of New Milford is authorized to issue the Bonds and Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds and Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds and Notes; the Bonds and Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds and Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds and Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds and Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds and Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from gross income for Federal income

tax purposes pursuant to Section 103 of the Code; and (2) the Bonds and Notes are not “private activity bonds” and interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds and Notes, it is our opinion that, under existing statutes: (1) 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 (2) interest on the Bonds and Notes 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.

Very truly yours,

Day Pitney LLP

## **FEDERAL INCOME TAX.**

***Interest Excluded From Gross Income.*** The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds and Notes. Failure to comply with any of these requirements may cause the interest on the Bonds and Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds and Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds and Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds and Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

***Alternative Minimum Tax.*** The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt “private activity bonds” is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds and Notes are not “private activity bonds” so that interest on the Bonds and Notes will not be treated as a preference item for individuals.

***Financial Institutions.*** The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds and Notes will **not** be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

***Additional Federal Income Tax Matters.*** Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity (“qualified stated interest”), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity (“original issue discount”). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds and Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations, such as the Bonds and Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds and Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

#### **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds and Notes, under existing statutes: (1) 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 (2) interest on the Bonds and Notes 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.

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

Owners of the Bonds and Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds and Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

#### **ORIGINAL ISSUE DISCOUNT.**

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

## **ORIGINAL ISSUE PREMIUM.**

The initial public offering price of certain of the Bonds and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds and Notes are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and Notes were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds and Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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. Owners of the Bonds and Notes having original issue premium, and especially any owner who is not an original owner of a bond or note who bought the bond or note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds and notes.

## **GENERAL.**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an effect on the federal tax status or the market price of the Bonds and Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds and Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Bonds and Notes. Prospective owners of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Bonds and Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

*[Remainder of page intentionally left blank]*

***Appendix C-1***

***Form of Continuing Disclosure Agreement – The Bonds***

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## APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.*

### Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds (“Agreement”) is made as of July 25, 2019 by the Town of New Milford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$8,835,000 General Obligation Bonds, Issue of 2019, Series A and \$2,270,000 General Obligation Refunding Bonds, Issue of 2019, Series B, each dated as of July 25, 2019 (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Issuer dated July 11, 2019 prepared in connection with the Bonds.

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

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

### **Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2019) as follows:

(i) Financial statements of the Issuer’s general fund and, any special revenue, capital projects, permanent enterprise, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

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

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

- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's applicable net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

### **Section 3. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (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;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

*Event (f).* Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

*Events (o) and (p).* The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

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

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

#### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

**Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town Hall, 10 Main Street, New Milford, Connecticut 06776.

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

**Section 8. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

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

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, 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 provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. 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.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF NEW MILFORD

By \_\_\_\_\_  
Pete Bass  
Mayor

By \_\_\_\_\_  
Gregory Osipow  
Director of Finance

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***Appendix C-2***

***Form of Continuing Disclosure Agreement – The Notes***

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## APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:*

### **Continuing Disclosure Agreement For Notes**

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of July 25, 2019 by the Town of New Milford, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$11,000,000 Bond Anticipation Notes, dated as of July 25, 2019 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

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

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

### **Section 2. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;

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

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

*Events (o) and (p).* The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

### **Section 3. Use of Agents.**

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

### **Section 4. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

### **Section 5. Enforcement.**

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer

shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is Town Hall, 10 Main Street, New Milford, Connecticut 06776.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

**Section 6. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional notices of the type so provided.

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

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF NEW MILFORD

By: \_\_\_\_\_  
Pete Bass  
Mayor

By: \_\_\_\_\_  
Gregory Osipow  
Director of Finance

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***Appendix D-1***

***Notice of Sale – Series A Bonds***

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**NOTICE OF SALE**  
**\$8,835,000**  
**Town of New Milford, Connecticut**  
**General Obligation Bonds, Issue of 2019, Series A**  
**(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by the Town of New Milford, Connecticut at Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut, until **11:30 A.M. Eastern Time on THURSDAY,**

**JULY 11, 2019**

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$8,835,000 General Obligation Bonds, Issue of 2019, Series A**  
**Payable annually on July 15 as follows:**

**\$890,000 in 2020 through 2022**

**\$365,000 in 2023 through 2031**

**\$360,000 in 2032 through 2039**

The Bonds will be dated July 25, 2019, with interest payable on January 15, 2020 and thereafter semiannually on each July 15th and January 15th.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except 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.

**DTC Book Entry.** The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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

**Redemption.** Bonds maturing on or before July 15, 2026 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after July 15, 2026, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2026 and thereafter	100%

**Proposals.** Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town 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 Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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



All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

**Basis of Award.** As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 25, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

**Certifying and Paying Agent.** The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

**Delivery.** At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

**Establishment of Issue Price.** The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town's Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Municipal Advisor.

By submitting a bid for the Bonds, a bidder, other than a bidder purchasing the Bonds for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “Public” means any person other than an Underwriter or a Related Party,

2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
3. a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. “Sale Date” means the date that the Bonds are awarded by the Town to the winning bidder.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) 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 interest on the Bonds 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.

The Bonds will *not* be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

**Municipal Advisor.** The Town of New Milford has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** The Town of New Milford has prepared a preliminary Official Statement for the Bond issue which is dated July 2, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 25 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

**CUSIP Numbers.** The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Bonds. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Delivery Date and Payment.** It is expected that the closing on the Bonds will occur on or about July 25, 2019 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

**More Information.** For more information regarding this issue and the Town reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Gregory Osipow, Director of Finance, Town of New Milford, Town Hall, 10 Main Street, New Milford, Connecticut 06776 (telephone: (860) 355-6060).

PETE BASS,  
*Mayor*

GREGORY OSIPOW,  
*Director of Finance*

July 2, 2019

**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$8,835,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019, SERIES A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 11, 2019.

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

(e) *Issuer* means the Town of New Milford, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

*Name of the Underwriter*

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*

*Competitive Sale Requirements Not Satisfied - 10% Test Applied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$8,835,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019, SERIES A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. **Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "Issuer" means the Town of New Milford, Connecticut.

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

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

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachment:**

**SCHEDULE A  
SALE PRICES**

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***Appendix D-2***

***Notice of Sale – Series B Bonds***

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**NOTICE OF SALE**  
**\$2,500,000\***  
**Town of New Milford, Connecticut**  
**General Obligation Refunding Bonds, Issue of 2019, Series B**  
**(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by the Town of New Milford, Connecticut at Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut, until **12:00 Noon Eastern Time on THURSDAY,**

**JULY 11, 2019**

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$2,500,000\* General Obligation Refunding Bonds, Issue of 2019, Series B**  
**Payable annually on July 15 as follows:**

**\$320,000\* in 2020**  
**\$235,000\* in 2021 and 2022**  
**\$240,000\* in 2023 through 2028**  
**\$135,000\* in 2029 and 2030**

\*Preliminary, subject to change. See “Principal Amount Changes” “Adjustment of Maturity.”

The Bonds will be dated July 25, 2019, with interest payable on January 15, 2020 and thereafter semiannually on each July 15th and January 15th.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except 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.

**DTC Book Entry.** The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the

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\* Preliminary, subject to change.

book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of December and June.

**Proposals.** Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town 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 Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

**Adjustment of Maturity Schedule.** The Town reserves the right to change the maturity schedule after the determination of the winning bidder. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by a net amount of such change or changes in principal amount of one or more maturities. The Town anticipates that the final maturity schedule will be communicated to the successful bidder within four (4)

hours of the Town's receipt of the reoffering prices and yields for the Bonds from the successful bidder. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Town as stated herein. **The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices provided as a result of any changes made to the principal amounts within these limits.**

**Basis of Award.** As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 25, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

**Certifying Agent, Paying Agent and Escrow Agent.** The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar, Paying Agent and Escrow Agent.

**Delivery.** At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

**Establishment of Issue Price.** The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town's Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Municipal Advisor.

By submitting a bid for the Bonds, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “Public” means any person other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
3. a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. “Sale Date” means the date that the Bonds are awarded by the Town to the winning bidder.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) 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 interest on the Bonds 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.

The Bonds will *not* be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

**Municipal Advisor.** The Town of New Milford has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** The Town of New Milford has prepared a preliminary Official Statement for the Bond issue which is dated July 2, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 25 copies of the Official Statement as prepared by the Town at the Town’s expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town’s Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town’s Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The

purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the “Continuing Disclosure Agreement for Bonds”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

**CUSIP Numbers.** The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Bonds. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Delivery Date and Payment.** It is expected that the closing on the Bonds will occur on or about July 25, 2019 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

**More Information.** For more information regarding this issue and the Town reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Gregory Osipow, Director of Finance, Town of New Milford, Town Hall, 10 Main Street, New Milford, Connecticut 06776 (telephone: (860) 355-6060).

PETE BASS,  
*Mayor*

GREGORY OSIPOW,  
*Director of Finance*

July 2, 2019



**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$2,500,000\* GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2019, SERIES B**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 11, 2019.

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

(e) *Issuer* means the Town of New Milford, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the

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\* Preliminary, subject to change.

representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

*Name of the Underwriter*

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*

*Competitive Sale Requirements Not Satisfied - 10% Test Applied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$2,500,000\* GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2019, SERIES B**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. **Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "Issuer" means the Town of New Milford, Connecticut.

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

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

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachment:**

**SCHEDULE A  
SALE PRICES**

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\* Preliminary, subject to change.

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***Appendix D-3***

***Notice of Sale and Bid Form - Notes***

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**NOTICE OF SALE**  
**\$11,000,000**  
**Town of New Milford, Connecticut**  
**Bond Anticipation Notes**  
**(BOOK-ENTRY)**

TELEPHONE PROPOSALS, SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of New Milford, Connecticut at Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut 06460 until **11:00 A.M. Eastern Time on THURSDAY,**

**JULY 11, 2019**

for the purchase of \$11,000,000 Bond Anticipation Notes of the Town of New Milford, dated July 25, 2019, maturing on July 24, 2020 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except 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.

**DTC Book-Entry.** The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

**Proposals.** Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**Telephone Proposals Bidding Procedure.** Telephone bids for the purchase of the Notes will be received on behalf of the Town by telephone call to an authorized agent of Phoenix Advisors, LLC, the Town's Municipal Advisor until 11:00 A.M. (Eastern Time) on the day of the sale at (203) 283-1110.

**Sealed Proposals Bidding Procedure.** All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for New Milford Notes." All proposals should be addressed to Mr. Gregory Osipow, Director of Finance, Town of New Milford, c/o Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut 06460.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town 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 Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.



The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

**Certifying and Paying Agent.** The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will also act as Registrar and Paying Agent.

**Delivery.** At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

**Establishment of Issue Price.** The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Notes, a bidder, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

4. the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the "10% Test") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the "Hold-The-Offering-Price Rule", as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "Public" means any person other than an Underwriter or a Related Party,
2. "Underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
3. a purchaser of any of the Notes is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of

another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

4. "Sale Date" means the date that the Notes are awarded by the Town to the winning bidder.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) 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 interest on the Notes 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. The Notes will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

**Municipal Advisor.** The Town of New Milford has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, to serve as its municipal advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** The Town of New Milford has prepared a preliminary Official Statement for the Note issue which is dated July 2, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser 5 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

**CUSIP Numbers.** The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Notes. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge

that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on July 25, 2019.

**More Information.** For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Gregory Osipow, Director of Finance, Town of New Milford, Town Hall, 10 Main Street, New Milford, Connecticut 06776 (telephone: (860) 355-6060).

PETE BASS,  
*Mayor*

GREGORY OSIPOW,  
*Director of Finance*

July 2, 2019

**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$11,000,000 BOND ANTICIPATION NOTES, DATED JULY 25, 2019**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. ***Defined Terms.***

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is July 11, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of New Milford, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

*Name of the Underwriter*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*

*Competitive Sale Requirements Not Satisfied - 10% Test Applied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$11,000,000 BOND ANTICIPATION NOTES, DATED JULY 25, 2019**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of *Name of the Underwriter* ("*Underwriter Short Name*"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. **Sale of the Notes.** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "*Issuer*" means the Town of New Milford, Connecticut.

(b) "*Maturity*" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

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

(d) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents *Underwriter Short Name*'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

*Name of the Underwriter*

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachment:**

**SCHEDULE A  
SALE PRICES**

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**PROPOSAL FOR NOTES**

July 11, 2019

Mr. Gregory Osipow  
 Director of Finance  
 Town of New Milford  
 c/o Phoenix Advisors, LLC  
 53 River Street, Suite #1  
 Milford, Connecticut 06460

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated July 2, 2019 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, (not to exceed true months interest on the principal amount bid for), and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$11,000,000 Bond Anticipation Notes of the Town of New Milford, dated July 25, 2019, maturing July 24, 2020, we bid the following:

Principal Amount	\$		Principal Amount	\$	
Interest Rate			Interest Rate		
Premium	\$		Premium	\$	
Net Interest Rate			Net Interest Rate		
		(four decimals)			(four decimals)
Principal Amount	\$		Principal Amount	\$	
Interest Rate			Interest Rate		
Premium	\$		Premium	\$	
Net Interest Rate			Net Interest Rate		
		(four decimals)			(four decimals)

Name of Bidder: \_\_\_\_\_

Address of Bidder: \_\_\_\_\_

Signature of Officer or  
 Authorized Agent of Bidder: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal:

Gross Interest	\$	_____	
Less Premium	\$	_____	
Net Interest Cost	\$	_____	
Percent Net Interest Cost		_____	%
		(four decimals)	