

# Final Official Statement Dated July 14, 2020

**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**

**\$10,000,000**

### **General Obligation Bonds, Issue of 2020, Series A**

**Dated: Date of Delivery**

**Due: July 15, 2022-2040,  
As shown on the inside cover hereof:**

The Bonds will bear interest payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2021.

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

### **JANNEY MONTGOMERY SCOTT LLC**

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**\$9,000,000**

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

**Dated: July 24, 2020**

**Due: July 23, 2021**

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 7, 2020.

The Notes are not subject to redemption prior to maturity.

### **BNY MELLON CAPITAL MARKETS, LLC**

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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 Noteowners 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.

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 24, 2020.

**Town of New Milford, Connecticut**  
**\$10,000,000**  
**General Obligation Bonds, Issue of 2020, 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>
2022	\$ 530,000	5.000%	0.240%	647480TQ5	2032*	\$ 525,000	3.000%	1.250%	647480UA8
2023	530,000	5.000%	0.250%	647480TR3	2033*	525,000	2.000%	1.750%	647480UB6
2024	530,000	5.000%	0.300%	647480TS1	2034*	525,000	2.000%	1.800%	647480UC4
2025	530,000	5.000%	0.380%	647480TT9	2035*	525,000	2.000%	1.900%	647480UD2
2026	530,000	5.000%	0.500%	647480TU6	2036*	525,000	2.000%	1.950%	647480UE0
2027	525,000	5.000%	0.600%	647480TV4	2037	525,000	2.000%	2.000%	647480UF7
2028	525,000	5.000%	0.670%	647480TW2	2038	525,000	2.000%	2.050%	647480UG5
2029*	525,000	3.000%	0.840%	647480TX0	2039	525,000	2.000%	2.100%	647480UH3
2030*	525,000	3.000%	0.960%	647480TY8	2040	525,000	2.000%	2.150%	647480UJ9
2031*	525,000	3.000%	1.070%	647480TZ5					

\* Priced assuming redemption on July 15, 2028; however, any such redemption is at the option of the Town.

**JANNEY MONTGOMERY SCOTT LLC**

**\$9,000,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**     **July 24, 2020**  
**Rate:**     **2.00%**  
**Yield:**    **0.33%**

**Due:**         **July 23, 2021**  
**CUSIP:**     **647480UY6**

**BNY MELLON CAPITAL MARKETS, LLC**

<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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## **Bond Issue Summary**

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

<b>Date of Sale:</b>	Tuesday, July 14, 2020 at 11:30 A.M. (Eastern Time).
<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>	\$10,000,000 General Obligation Bonds, Issue of 2020, Series A (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	January 15, 2021 and semiannually thereafter on July 15 and January 15, in each year until maturity.
<b>Principal Due:</b>	Principal due serially July 15, 2022 through July 15, 2040.
<b>Purpose:</b>	The Bond proceeds will be used to fund various general purpose capital projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
<b>Security:</b>	The Bonds will be general obligations of the Town of New Milford, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds are rated "AA+" by S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See Appendix B "Opinion of Bond Counsel and Tax Status".
<b>Bank Qualification:</b>	The Bonds <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 283-1110.
<b>Legal Opinion:</b>	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 24, 2020. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. 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>	Tuesday, July 14, 2020 at 11:00 A.M. (Eastern Time).
<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>	\$9,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	At maturity: July 23, 2021.
<b>Purpose:</b>	The Note proceeds will be used to finance road improvements.
<b>Redemption:</b>	The Notes are not subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of New Milford, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes are rated "SP-1+" by S&P Global Ratings.
<b>Bond Insurance:</b>	The Town does <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 24, 2020. 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 \$10,000,000 General Obligation Bonds, Issue of 2020, Series A (the “Bonds”) and \$9,000,000 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 7, 2020 have been furnished to prospective bidders and are included herein as Appendices D-1 and D-2 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.

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 2019 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.

### ***Global Health Emergency Risk***

#### **CONSIDERATION FOR BONDHOLDERS**

In making an investment decision with respect to Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following factors:

##### **The COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The U.S. Centers for Disease Control and Prevention (CDC) has warned that some areas in the United States are experiencing community spread of COVID-19 and that widespread transmission of COVID-19 in the United States is likely to continue. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

There can be no assurances that the ongoing impact of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town. As the situation evolves, states, municipalities, businesses and individuals appear to have altered behaviors in manners that are having negative effects on global, national, state and local economies. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19.

**State and Local Efforts to Mitigate the Ongoing Impact of COVID-19**

On March 10, 2020, the Connecticut Governor declared a state of emergency throughout the State of Connecticut as a result of the COVID-19 outbreak. State agencies have been directed to use all resources necessary to prepare for and respond to the outbreak. Initially, the Governor cancelled all public-school classes for all students, restricted social and recreational gatherings, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ and required closure of all non-essential businesses and not-for-profit entities. Additionally, by executive order, the Governor instituted a 60-day residential rent moratorium and extended the date for adoptions of municipal budgets which fell on or before May 15, 2020 by up to 30 days. The Governor has ordered a phased re-opening of the state, and various activities are in various stages of resumption.

On April 1, 2020, the Connecticut Governor issued Executive Order No. 7S, which, among other things, calls for Connecticut municipalities, including the Town of New Milford, to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90-day Deferment Program or a 90-day Low Interest Rate Program. Both programs are applicable to amounts payable or delinquent during the period from March 10, 2020 to and including July 1, 2020 and apply to taxes on real property, personal property or motor vehicles, and water, sewer and electric rates, charges and assessments. The Deferment Program provides for a 90 day deferment from the time the amount becomes due and payable. However, financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program. The Low Interest Rate Program provides for a three percent (3%) cap on the interest rate due on the principal amount of delinquent payments. The low interest period runs for 90 days from the date the payment is due and payable. With respect to payments delinquent on or prior to March 10, 2020, interest shall be capped at three percent (3%) for 90 days from April 1, 2020. Following the 90 day period, the interest rate may return to that previously established. Executive Order No. 7S requires municipalities to select and implement one or both of the tax relief programs, and to notify the Secretary of the Office of Policy and Management no later than April 25, 2020, in which program or programs it is electing to participate.

The New Milford Town Council at a meeting held April 13, 2020 elected to participate in the 90-day Deferment Program. Additionally, the Town Council elected to not require residential homeowners to demonstrate loss or hardship as a result of COVID-19 to participate the Deferment Program. However, any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee shall only be eligible for either program if said landlord provides documentation to the Town that the parcel has or will suffer a significant income decline on account of impact by COVID-19, or that commensurate forbearance was offered to his/her/its tenants or lessees. Finally, financial institutions and mortgage servicers that hold property tax payments in escrow on behalf of a borrower shall continue to remit property taxes to the municipality, so long as the borrower remains current on their mortgage or is in a forbearance or deferment program, irrespective of the borrower's eligibility for or participation in the Deferment Program. Under the 90-day Deferment Program as implemented by the Town Council, the last date to pay without interest penalty for sewer use program payments due July 1, 2020 will be October 1, 2020 (original deadline was August 1, 2020), and the last day to pay without interest penalty for real estate, motor vehicle and personal property taxes due July 1, 2020 will be October 1, 2020 (original deadline was August 1, 2020).

On April 10, 2020, the Governor issued Executive Order 7X (“Order 7X”) requiring landlords to grant 60-day rent extensions to residential tenants for April (automatically) and May (by request due to loss of income). Landlords can satisfy the commensurate forbearance and income decline requirements for tax and other relief under Order 7S for residential properties simply by complying with Order 7X, and for the Deferment Program by confirming they will do so in an e-mail to the tax collector.



While the potential long-term impact on the Town cannot be predicted at this time, the continued spread of the outbreak could have a material effect on the national, State and local economy. On March 17, 2020, the Town declared a local state of emergency. This step allowed the Mayor to exercise emergency powers as needed to help the community and better position the Town to access emergency federal aid. The Town has closed Town Hall to the public except by appointment. The Town Library and Town schools have been closed to the public and the Town is conducting council and commission meetings remotely. While a potential risk, the Town does not anticipate the outbreak to have a materially adverse effect on the Town for Fiscal Year 2020. Currently, the Town's finances and financial plans remain stable and the Town estimates to realize a surplus of about \$6 million for the fiscal year ending June 30, 2020.

The Town cannot reasonably predict at this time the impact of deferments called for by Executive Order No. 7S. The Town currently estimates that the shortfall in revenue collection due to the deferment program would be approximately \$22 million, which is approximately 50% of the total the Town would normally expect to collect during the first quarter of the fiscal year. The estimated expenditures for the same period are approximately \$23 million. Assuming the receipt of the balance of the real estate, motor vehicle and personal property taxes payments by the October 1, 2020 extended payment deadline, the Town has adequate available, unencumbered General Fund balance sufficient to meet the interim cash flow need as the Town's unassigned fund balance is approximately \$20 million.

### **Government Response to COVID-19's Impact on the Economy**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion will be appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state will be based on population with a minimum payment of \$1.25 billion. In addition, the CARES Act will provide \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On March 28, 2020, President Trump approved the Connecticut Governor's request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

The extent to which COVID-19 impacts the Town's operations and its financial condition will depend on future developments, which are uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others.

### ***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 24, 2020 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, 2021. 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 June and December 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 bonds in denominations of \$5,000 or any integral multiple thereof.

**Redemption Provisions**

The Bonds maturing on or before July 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2029 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after July 15, 2028, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 15, 2028 and thereafter .....	100%

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

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

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

**Description of the Notes**

The Notes will be dated July 24, 2020 and will be due and payable as to both principal and interest at maturity, July 23, 2021. 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.

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**

**\$6,000,000 Road Improvements (2019):** Bonds and 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:** Bonds and 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.

**\$4,000,000 Library Renovations & Improvements:** Notes are being issued for renovations and improvements to the New Milford Library pursuant to an appropriation of \$8,500,000 and a borrowing authorization of \$6,500,000 as approved at a Special Town Meeting held May 28, 2019.

**Use of Proceeds**

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

<i>Project</i>	<i>Amount Authorized</i>	<i>Notes Due: 7/24/2020</i>	<i>New Money/ (Paydowns)</i>	<i>This Issue</i>	
				<i>The Bonds</i>	<i>The Notes: Due: 7/23/2021</i>
Road Improvements (2019).....	\$10,000,000	\$ 6,000,000	\$ 4,000,000	\$ 6,000,000	\$ 4,000,000
Library Renovations & Improvements.....	6,500,000	-	4,000,000	-	4,000,000
Roof Repairs & Improvements.....	5,000,000	5,000,000	-	4,000,000	1,000,000
<b>Total .....</b>	<b>\$21,500,000</b>	<b>\$ 11,000,000</b>	<b>\$ 8,000,000</b>	<b>\$10,000,000</b>	<b>\$ 9,000,000</b>

*(Remainder of page intentionally left blank)*

## **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 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 to U.S. Route 7 in 2009, has encouraged a high rate of retail development for the past decade. The 2 miles of Route 7 currently designated as the primary regional retail corridor by the Economic Development Commission is home to national retailers such as Wal-Mart, Home Depot, Kohl's, TJMaxx, Staples and Stop & Shop.

All along the Route 7 corridor various parcels of land are preparing for redevelopment. Medical, retail and hospitality continue to be strong sectors for the community, providing robust growth in facilities and equipment purchase and as job creation generators. An addition focus area is entrepreneurship and small business growth in trades, technology and professional services. Data shows strong wage growth in legal and professional fields, technology and growth in utilities and trades.

Private investment in the Village Center has continued to keep vacancy rates extremely low for retail, office and residential space. The Market Analysis completed in 2019 by Camoin 310, a national consultant based in Saratoga Springs, NY, found that Downtown had little to no vacancy, while New Milford overall had a healthy 9.5% rate. The same study found that New Milford has significant opportunity to add industrial flex space, with a vacancy rate of 2.4% and projected growth in demand for industrial, warehousing, trades and professional services.

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 2017 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. Sidewalks for the busy Route 7 Corridor will improve pedestrian access and safety from the New Milford High School towards the commercial district, passing residential and recreational developments along the way.

New Milford's top employment sectors include Retail (17% of all jobs), Health Care and Social Assistance (12%), Government, including local public schools (11%), and Food Services (9%). These industries primarily serve local and regional residents ("non-traded" sectors), meaning they do not export goods or services outside of the region or bring in significant spending from beyond the region ("traded" sectors).

Major employers in New Milford include:

- Kimberly-Clark – sanitary paper products manufacturer
- Candlewood Valley Health & Rehabilitation – rehabilitation services
- Big Y World Class Market – supermarket
- Town of New Milford – local government including schools
- Village Crest Center for Health – rehabilitation services
- Walmart – discount department store
- Home Depot – home center retailer
- Super Stop and Shop – supermarket
- Kohl's – department store – retail
- Canterbury School – private preparatory boarding school
- New Milford Hospital – Nuvance Health, 7 hospital system in CT/NY
- Neeltran – transformers manufacturer

**INDUSTRY SECTORS** The following industry sectors offer growth opportunities for New Milford:

**Merchant Wholesalers, Durable Goods** – Businesses in this sector are engaged in wholesaling products. New Milford has a cluster of wholesalers that supply the construction industry with hardware, plumbing, machinery, lumber, and a variety of other products (about 200 jobs). These types of businesses occupy industrial/flex space. As these local companies look to grow and expand, New Milford could lose these businesses to other communities because of the lack of available space in-town.

**Health Care** – This sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners or social workers with the requisite expertise. Many of the industries in the sector are defined based on the educational degree held by the practitioners included in the industry.

This sector is growing locally and regionally, creating demand for medical offices, senior living options such as assisted living, long-term health care, and other health-related services.

**Professional, Scientific, & Technical Services** - Businesses within this sector contribute to the regional business environment by offering services to support the business operations of the region's major employers – essentially selling knowledge and expertise. New Milford has about 700 jobs within this sector, which is projected to grow at about 2% annually. Within this sector, the following sub-sectors are showing strength and may be opportunities for New Milford.

**Computer Systems Design and Related Services & Computer and Electronic Product Manufacturing** – Together these two-computer system service and manufacturing sectors make up about 230 jobs in New Milford and are projected to grow in the coming years at a rate of 4% annually. These businesses operate out of traditional office spaces, home offices, and flex spaces. Access to broadband internet access is a critical locational decision factor.

**Research and Development in Life Sciences** – New Milford has about 50 jobs in this industry sector currently, with an annual projected growth rate of 12%. This is an emerging opportunity for the town as there is a plan to redevelop the former Nestle lab building into modern lab space that can house up to five bioscience firms.

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 the 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 medical personnel, encompassing virtually every medical and surgical specialty. The hospital has become part of the Nuvance Health Network, a seven hospital system 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 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. In 2019, New Milford Hospital invested nearly one million dollars in renovations, adding a Primary Care Center and specialty physician offices. They were awarded the Project of the Year by the Corporation for New Milford Economic Development.

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 and Scott paper towels have steadily employed 350 people in the New Milford plant. 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 160 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, the latest in 2019. 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. Medinstill is actively engaged in developing delivery systems for Covid19 vaccines, should FDA approval be secured.

The Town was 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 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 will be completed in mid- 2020.

Taking advantage of the natural resources that New Milford offers residents and visitors is part of the economic development focus for the Town. 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 a significant 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 and is being restored as a musical teaching and performance venue. Another major 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. Responding to the national food shortage and economic crisis of Covid19, the farms are working to expand vegetable and meat production, as well as value added products such as soaps and wool blankets. Farms are represented on the Response Task Force.

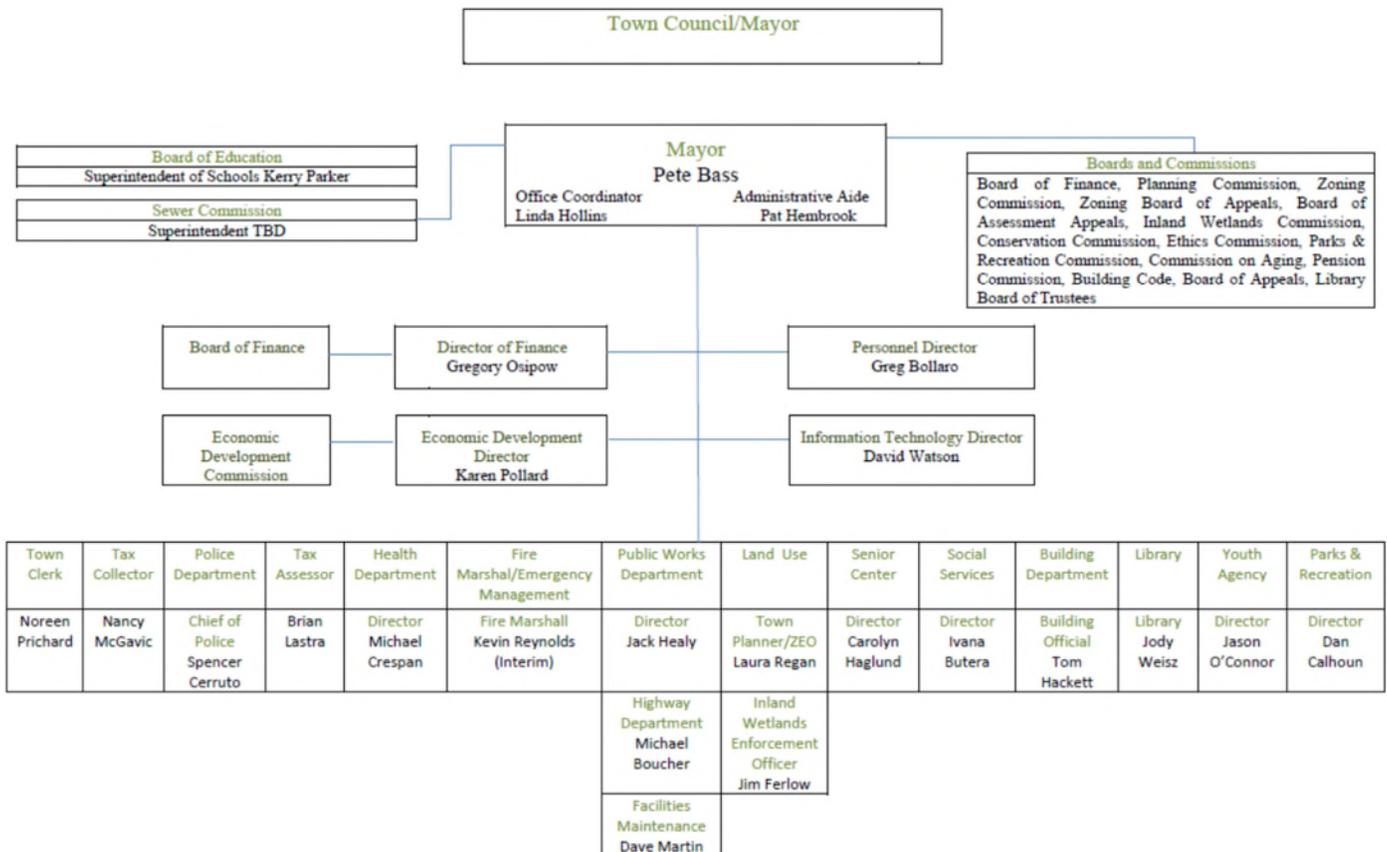
Mayor Pete Bass has reorganized the Economic Development Department to become more effective in business attraction and a new Economic Development Director was hired in April 2019. The Director has twenty years of high-level attraction experience in New York, Minnesota, and New Hampshire adding hundreds of millions in Grand List growth to the communities she has served. The Town's Grant & Compliance Specialist now reports to her. The new Director has implemented a business attraction program as well as a business retention program, meeting with existing industries and professional firms. Building Permit Activity in 2019 was 304% higher than in 2018, with 49.14% of the \$34,336,734 total as commercial or industrial. (Institutional building permit data was removed due to the major Library renovation and expansion started in 2019.) 2020 performance indicators were trending even higher in January 2020 with permits of \$2.277 Million, +34.4% higher than 2019 January. Current business assistance activities are completely focused on Covid19-related recovery, one-on-one business financial counseling, pivoting to online sales and service, and remote delivery of goods and services. In addition, the Director has been critical in the Town's Covid19 Response Task Force for economic strategies and reduction of obstacles to recovery activity. The Town has appointed a Long-Term Recovery Task Force to carry initiatives forward that will insure rapid recovery and effective economic stabilization. To date, New Milford has experienced 1 permanent closure.

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## 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	11/30/21
Tax Collector.....	Nancy E. McGavic	Elected	11/30/21
Town Clerk.....	Noreen H. Prichard	Elected	11/30/21
Superintendent of Schools.....	Dr. Kerry Parker	Appointed	06/30/22
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 Department’s Detective Division consists of a Detective Lieutenant, a Detective Sergeant and five Detectives.

The Administrative Division is under the Command of a Captain and is responsible for all Communications, Fleet operations, Records, Training, Special Projects, Emergency Management and Facilities maintenance, Grants, Accreditation management, Internal Affairs and Technology Management. The Department also utilizes an Administrative Officer who reports directly to the Administrative Commander to coordinate all Community interaction initiatives.

The Police Department operates on an annual budget of approximately 5.5 million dollars. The agency has 48 full-time sworn police officers, 9 Dispatch Personnel, 1 Dispatch Supervisor, 2 Record Clerks, 1 Executive Secretary, 1 Parking Enforcement Officer and a community care coordinator.

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 also been able to augment various programs and its vehicle fleet under both Federal and State asset forfeiture guidelines to improve delivery of services. 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 assigning 2 School Resource Officers 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 ten (10) 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 Road Engineer, Junior Engineer, 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 Highway Foreman, Assistance 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, seven pick-up trucks, a van, three excavators, 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 managed by the administrative assistant to the Director and the Highway Forman and staff by the Recycling Coordinator and Labor Grade 2 employee. The recycling operations 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 but has seen a decrease in revenues due to the commodity markets, most notably recycled glass, plastic, paper and cardboard. 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.

A note for spring of 2020, the Recycling Center operations were reduced due to the COVID 19 pandemic. The service reductions included hours and materials accepted.

**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.

**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 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 all segments of the population.

The New Milford Parks & Recreation Department is responsible for the care, management, maintenance and control of twenty town parks facilities totaling over 500 acres. Included in these parks are 10 baseball/softball fields, 2 tennis courts, 2 basketball courts, 5 playgrounds, a paved river trail, canoe/kayak storage racks, an extensive passive trails system, numerous picnic areas, 5 soccer fields, the beach on Candlewood Lake, 2 boat ramps, 83 boat slips, 2 kayak ramps, 3 canoe/kayak racks, swim team docks with lane lines, a bath house, 5 pavilions, 4 freshwater ponds, 2 fishing docks, and access to the Housatonic River at 5 parks.

The Parks & Recreation staff maintain the lawns, parking lots and sidewalks at the Town Hall, the Probate Court building, New Milford Public Library, Paul S. Richmond Center, the John Pettibone Community Center, the lawns at the Police Department, Historical Society, Lanesville Fire Department, and the Railroad Street Parking lot grounds, as well as the downtown traffic islands.

In addition to the previous responsibilities, the Parks & Recreation staff 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, as well as the sidewalks at the Public Works Department.

The Parks & Recreation Department provides over one hundred and fifty year-round different programs with numerous sessions of each program offered. These programs serve 4,605 program participants annually. The department has a staff consisting of 108 individuals which includes a Director, a Program and Special Events Director, 2 Administrative Assistants, 5.5 Parks Maintainers, 4 Seasonal Maintainers, a Park Ranger, a Park Manager at Lynn Deming Park, 50 Playground Camp Staff, and 23 Aquatic Personnel and program instructors. A seven-member Commission is responsible for the operation of the Department in accordance with the Town ordinance.

Among recent accomplishments is a large renovation of Lynn Deming Park. Second phase of this renovation has been implemented. It focused on security upgrades at Lynn Deming Park that include security lift gates, RFID tags, internet service, security cameras, and parking control software.

The department's current project is to replace and upgrade the playground at Young's Field with state of the art equipment. It is already in the installation stage. This project also includes the installation of a new electrical panel box, new sidewalk, updated signage and plantings. Two tennis courts and one basketball court at Young's Field Park and an additional basketball court at Emanuel Williamson Park will be renovated as well.

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

- The repair and painting of the World War II Army Tank on the Town Green.
- Major renovations at Young's Field Park including updated lighting, lighting the tennis courts, basketball courts and skateboard park, reconfigured softball fields, new gates & fencing around the park, installation of a well, updated irrigation system, and tiered seating on the hillside.
- Repairs to the historic barn and pavilion at Clatter Valley Park.
- Renovation of informational kiosks around town.
- Turf renovation at Young's Field Park & The Town Green.

**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 YouTube 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 and Young Adult 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 residents meet basic human needs of shelter, food, clothing, and maintenance of health and well-being. The department is staffed by two full-time social workers, one part-time social worker, and one full-time office coordinator.

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 assistance, camperships and various seasonal programs. Approximately 980 households receive the services of the department annually. Last fiscal year brought \$268,556 of Federal and local heating assistance to 455 households and \$63,333 of State and local housing assistance to 124 households. The food bank distributed over 8,893 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 Housing Solutions Team of Community Access Network. Social Services also participates on the local substance use and prevention council. 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 314 monthly visits and logged in 3,773 volunteer hours; an average of 73 hours per week. The department's emergency aid programs are funded entirely with grants and donations raised independently 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 influence the social and economic environment of the community.

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

The agency is staffed by eleven full-time professionals, a full-time office coordinator, and a part-time social worker. In addition, the agency provided employment for a seasonal/part time staff of 58. 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 five-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 400 unduplicated students participated in small group or individual activities.

The following programs are some of the successful services offered during the 2019-20 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, vaping and substance abuse, positive discipline parenting, and more. The agency operates the Juvenile Review Board for local youth offenders. The agency participates in community networking such as the Substance Abuse Prevention Council NMCAN 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 has been working with New Milford Schools on various collaborative efforts including a mentoring program, Youth Mental Health First Aid, Coaching Boys into Men, Senior to Senior Dance, as well as data collection regarding current youth behaviors and beliefs. 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 118 children participate in our 16 activities including culinary, scrapbooking, zumba, blacksmithing, yoga, 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. Youth leaders participate in programing with various groups including Senior Center, Social Services, VFW, etc. 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 32 students throughout the year. This spring, 150 children participated in Agricultural Educational Programs. Last summer and fall, 4,800 visitors shopped at the farm stand.

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, Nuvance Health – 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, 2019 was 3,953. 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	
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
2019-2020	851	804	940	1,330	28	3,953
School Year	Projected <sup>1</sup>				Special	Total
	K-3	4 - 6	7 - 8	9 - 12	Education	
2020-2021	896	767	894	1,339	28	3,924
2021-2022	1,067	724	550	1,305	28	3,674
2022-2023	1,080	734	503	1,239	28	3,584

<sup>1</sup> Projected numbers for 21-22 and 22-23 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	10/1/2019 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	476	720
Sarah Noble Middle.....	4-6	1962 (2001)	63	804	1,350
Schaghticoke Middle.....	7-8	1973 (1993)	58	940	1,200
New Milford High.....	9-12	2000	84	1,330	1,600
<b>Total.....</b>			<b>273</b>	<b>3,925</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:

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
General Government.....	191	187	189	187	186
Board of Education.....	637	630	632	628	628
<b>Total.....</b>	<b>828</b>	<b>817</b>	<b>821</b>	<b>815</b>	<b>814</b>

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

Source: Town of New Milford.

### **Employee Relations**

	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
<b>Board of Education Groups</b>		
New Milford Education Association, CEA-NEA.....	360	6/30/2021
New Milford School Administrators Association.....	18	6/30/2023
New Milford Educational Secretaries Association, Chapter of Local 136, I.F.P.T.E.....	43	6/30/2021
American Federation of State, County and Municipal Employees, AFL-CIO, Local 1303-154 of Council #4.....	8	6/30/2021
Teamsters Local 677, Food and Nutrition Services Employees.....	33	6/30/2022
New Milford Paraeducators Union Chapter 136-09, Local 136, I.F.P.T.E., AFL-CIO.....	96	6/30/2022
International Brotherhood of Teamsters, Local 677.....	43	6/30/2022
<b>Total Unionized Board of Education Employees.....</b>	<b>601</b>	
<b>General Government</b>		
American Federation of State, County and Municipal Employees, AFL-CIO, Local 1303 and 818 .....	40	6/30/2023
United Public Service Employees Union, C.O.P.S. Local 47.....	45	6/30/2022
United Public Service Employees Union, Local Unit 911.....	9	6/30/2021
International Brotherhood of Teamsters, Local 677.....	40	6/30/2023
<b>Total Unionized General Government Employees.....</b>	<b>134</b>	
Non-Union Employees.....	57	
<b>Total Union/Non-Union Employees.....</b>	<b>792</b>	

Source: Town of New Milford.

### **Binding Arbitration**

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. 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>
2018 <sup>3</sup>	27,196	-3.4%	422.3
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 2014-2018

#### Age Distribution of the Population

Age	Town of New Milford		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	1,087	4.0%	184,983	5.2%
5 to 9 years .....	1,392	5.1	201,006	5.6%
10 to 14 years .....	1,590	5.8	224,135	6.3%
15 to 19 years .....	1,642	6.0	247,182	6.9%
20 to 24 years .....	1,838	6.8	245,490	6.9%
25 to 34 years .....	2,908	10.7	439,848	12.3%
35 to 44 years .....	3,126	11.5	427,023	11.9%
45 to 54 years .....	4,768	17.5	522,138	14.6%
55 to 59 years .....	2,405	8.8	266,170	7.4%
60 to 64 years .....	2,290	8.4	235,949	6.6%
65 to 74 years .....	2,554	9.4	327,414	9.1%
75 to 84 years .....	1,061	3.9	170,979	4.8%
85 years and over .....	535	2.0	89,187	2.5%
<b>Total.....</b>	<b>27,196</b>	<b>100%</b>	<b>3,581,504</b>	<b>100%</b>

Median Age (Years) 2018..... 45.0 40.8

Source: American Community Survey 2014-2018

#### Income Distribution

Income	Town of New Milford		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	81	1.1%	26,021	2.9%
10,000 - 14,999.....	102	1.4	16,472	1.8%
15,000 - 24,999.....	149	2.1	38,804	4.3%
25,000 - 34,999.....	270	3.7	50,215	5.6%
35,000 - 49,999.....	541	7.5	80,042	9.0%
50,000 - 74,999.....	925	12.8	127,676	14.3%
75,000 - 99,999.....	1,206	16.7	118,848	13.3%
100,000 - 149,999.....	1,867	25.8	186,154	20.8%
150,000 - 199,999.....	1,147	15.9	105,285	11.8%
200,000 and over.....	939	13.0	143,423	16.1%
<b>Total.....</b>	<b>7,227</b>	<b>100.0%</b>	<b>892,940</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

### Income Levels

	<b>Town of New Milford</b>	<b>State of Connecticut</b>
Per Capita Income, 2018.....	\$ 42,708	\$ 43,056
Median Family Income, 2018.....	\$ 115,305	\$ 97,310
Percent Below Poverty (Families), 2018.....	2.90%	6.90%

*Source: American Community Survey 2014-2018*

### 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.....	374	1.9%	101,068	4.1%
9th to 12th grade.....	788	4.0	134,758	5.4
High School graduate.....	5,007	25.5	670,519	27.1
Some college, no degree.....	3,909	19.9	416,267	16.8
Associate's degree .....	1,705	8.7	190,869	7.7
Bachelor's degree.....	5,054	25.7	538,924	21.7
Graduate or professional degree.....	2,810	14.3	426,303	17.2
<b>Total.....</b>	<b>19,647</b>	<b>100.0%</b>	<b>2,478,708</b>	<b>100.0%</b>
Total high school graduate or higher (%).....	94.1%		90.5%	
Total bachelor's degree or higher (%).....	40.0%		38.9%	

*Source: American Community Survey 2014-2018*

### Major Employers As of June 2020

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Town of New Milford .....	Municipality / BOE	828
New Milford Hospital/Nuvance Health .....	Hospital	700
Kimberly-Clark Corporation .....	Manufacturing	550
Wal-Mart.....	Retail Store	250
Big Y.....	Supermarket	250
Candlewood Valley Care Center.....	Health Care Facility	245
Village Crest Center for Health.....	Convalescent Home	245
Stop & Shop.....	Supermarket	225
Canterbury School Inc .....	Private School	220
Home Depot.....	Retail Store	220
Chemical Marketing Concepts.....	Packaging	200
Buck's Rock Performing Arts Center.....	Education	175
All-Star Transportation.....	Transportation	170
Neeltran.....	Transformers	160
Geron Nursing & Respite.....	Convalescent Home	85
TJMaxx.....	Retail	80
Big Lots.....	Retail	80
Diner Luxe.....	Restaurant	75
MedInstill Technologies.....	Medical Technology	65
Aldi.....	Supermarket	50

**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.....	94	0.6%	7,195	0.4%
Construction.....	872	5.5	107,331	5.9
Manufacturing.....	2029	12.9	190,995	10.5
Wholesale trade.....	364	2.3	44,714	2.5
Retail trade.....	2285	14.5	191,939	10.6
Transportation warehousing, and utilities....	492	3.1	72,806	4.0
Information.....	413	2.6	41,839	2.3
Finance, insurance, real estate, and leasing..	890	5.6	164,607	9.1
Professional, scientific, management, administrative, and waste management....	1788	11.3	207,632	11.5
Education, health and social services.....	3,688	23.4	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	1333	8.5	150,852	8.3
Other services (except public admin.).....	1030	6.5	83,686	4.6
Public Administration.....	477	3.0	67,172	3.7
<b>Total Labor Force, Employed.....</b>	<b>15,755</b>	<b>100%</b>	<b>1,810,445</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

**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>
May 2020 .....	12,858	1,262	8.9	8.6	9.3
<b>Annual Average</b>					
2019.....	14,777	489	3.2	3.1	3.7
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

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 .....	12,828	83.0%	1,391,925	78.2%
Car pools .....	1,197	7.7	143,527	8.1
Used public transportation .....	272	1.8	84,347	4.7
Walked .....	180	1.2	49,525	2.8
Used other means .....	85	0.6	20,763	1.2
Worked at home .....	888	5.7	90,566	5.1
<b>Total .....</b>	<b>15,450</b>	<b>100.0%</b>	<b>1,780,653</b>	<b>100.0%</b>
Mean travel to work (minutes)		28.4		26.3

Source: American Community Survey 2014-2018

## 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.....	1,780	15.0%	337,795	22.3%
1940 to 1969.....	3,353	28.2	533,321	35.3
1970 to 1979.....	2,212	18.6	201,360	13.3
1980 to 1989.....	1,934	16.3	191,306	12.6
1990 to 1999.....	1,421	11.9	115,459	7.6
2000 or 2009.....	1,063	8.9	103,632	6.9
2010 or later.....	136	1.1	29,432	1.9
<b>Total Housing Units.....</b>	<b>11,899</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## 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.....	8,422	70.8%	892,608	59.0%
1-unit, attached.....	611	5.1	80,684	5.3
2 units.....	566	4.8	123,908	8.2
3 or 4 units.....	671	5.6	130,948	8.7
5 to 9 units.....	610	5.1	84,021	5.6
10 to 19 units.....	585	4.9	57,153	3.8
20 or more units.....	356	3.0	130,872	8.7
Mobile home.....	78	0.7	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
<b>Total Inventory.....</b>	<b>11,899</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## 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 .....	10,434	87.7%	1,367,374	90.4%
Vacant housing units .....	1,465	12.3%	144,931	9.6%
<b>Total units .....</b>	<b>11,899</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>
Homeowner vacancy rate .....		0.8		1.9
Rental vacancy rate .....		5.5		6.6

Source: American Community Survey 2014-2018



## 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.....	251	3.0%	21,254	2.3%
\$50,000 to \$99,000.....	227	2.8	29,211	3.2
\$100,000 to \$149,999.....	445	5.4	81,446	9.0
\$150,000 to \$199,000.....	568	6.9	139,715	15.4
\$200,000 to \$299,999.....	2,899	35.2	245,801	27.1
\$300,000 to \$499,999.....	3,023	36.7	240,706	26.5
\$500,000 to \$999,999.....	560	6.8	106,993	11.8
\$1,000,000 or more.....	262	3.2	42,008	4.6
<b>Total.....</b>	<b>8,235</b>	<b>100.0%</b>	<b>907,134</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$290,700</b>		<b>\$272,700</b>	

Source: American Community Survey 2014-2018

## 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 .....	26,906	–	3,466,662	–
Persons per household (average) ....	2.58	–	2.54	–
Persons per family (average) .....	3.10	–	3.14	–
Family households .....	7,227	69.3%	892,940	65.3%
Non-family households .....	3,207	30.7%	474,434	34.7%
<b>All households .....</b>	<b>10,434</b>	<b>100.0%</b>	<b>1,367,374</b>	<b>100.0%</b>
<i>Family households by type</i>				
Married couple .....	5,822	80.6%	660,364	74.0%
Female householders, no spouse ...	1015	14.0%	170,818	19.1%
Other .....	390	5.4%	61,758	6.9%
<b>Total family households .....</b>	<b>7,227</b>	<b>100.0%</b>	<b>892,940</b>	<b>100.0%</b>
<i>Non-family households by type</i>				
Householders living alone .....	2,522	78.6%	390,350	82.3%
Other .....	685	21.4%	84,084	17.7%
<b>Total non-family households .....</b>	<b>3,207</b>	<b>100.0%</b>	<b>474,434</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## **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>
2020 <sup>1</sup>	789	\$ 39,138,922
2019	722	13,681,568
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, 2019 through April 1, 2020.

Source: Town of New Milford, Building Official

## **Land Use Breakdown**

<i>Land Use</i> <b>Category</b>	<b>Acreage</b>	<b>Percent</b>
Agriculture.....	5,399	13.4%
Cemetery.....	142	0.4
Commercial.....	726	1.8
Conservation.....	1,830	4.6
Industrial.....	575	1.4
Institutional.....	243	0.6
Park.....	1,051	2.6
Utility.....	1,417	3.5
Private Recreation.....	264	0.7
Residential.....	12,141	30.2
Semi-public.....	246	0.6
Vacant.....	14,399	35.9
Water Company Lands.....	360	0.9
Water.....	1,358	3.4
<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: Town of New Milford Assessor's Office

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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 now complete and under review and modification by the POCD Committee. Final completion is anticipated during 2020.

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.

Population and business growth in New Milford is planned and hoped for following several years of flat performance. Expansion of the Route 7 corridor is anticipated as the principal location for new commercial and industrial development. Sanitary sewer service and treatment capacity have been increased to meet state and federal requirements, and will support this future development. Residential growth is also likely, based on the data from Camoin 310 in the Market Analysis of 2019. The housing focus will be on providing rental housing, apartments and townhouses particularly clustered in or near the Village Center. Workforce housing and mixed-use developments will play a prominent role in maximizing density and keeping a younger, active workforce. Outlying rural areas are expected to remain undeveloped as much as possible with low-density, cluster development of single family homes. Subdivision and new construction will be guided by sustainability policies which incorporate natural and rural features into project design. 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, 2018 (the fiscal year ending June 30, 2020), 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, 2020 is 28.70 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.

## COVID-19 Outbreak – Municipal Tax Relief Programs

On April 1, 2020, the Connecticut Governor issued Executive Order No. 7S, which, among other things, calls for Connecticut municipalities, including the Town of New Milford, to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90-day Deferment Program or a 90-day Low Interest Rate Program. Please see the discussion above under the caption *State and Local Efforts to Mitigate the Ongoing Impact of COVID-19.*

## 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>
2019	83.7	8.5	7.8	\$ 3,041,448	\$ 94,806	\$ 2,946,642	1.1%
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%

<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 6/30/2019</b>
2018	2020	\$ 2,913,247	28.70	\$ 83,509	<i>In Collection</i>		
2017	2019	2,894,516	28.17	79,499	98.1%	1.9%	1.9%
2016	2018	2,882,197	27.25	78,498	98.5%	1.5%	0.7%
2015 <sup>1</sup>	2017	2,877,947	26.77	76,802	98.5%	1.5%	0.3%
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%

<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	\$ 92,737,230	3.15%
Kimberly-Clark .....	Manufacturing	24,509,960	0.83%
First Light Hydro Generating Co .....	Utility	15,503,100	0.53%
U B Litchfield LLC .....	Shopping Center	15,334,830	0.52%
Litchfield Crossing LLC .....	Shopping Center	14,747,880	0.50%
Aquarion Water Company of CT .....	Utility	13,876,930	0.47%
Home Depot USA Inc .....	Retailer	9,293,480	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>\$ 201,210,070</b>	<b>6.83%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2019 of \$2,946,641,998.

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

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of July 24, 2020**  
**(Pro Forma)**

<b>Date</b>	<b>Purpose</b>	<b>Interest Rate %</b>	<b>Original Issue</b>	<b>Amount Outstanding</b>	<b>Fiscal Year of Maturity</b>
2004	General Purpose.....	2.00-5.00	\$ 459,745	\$ 24,000	2024
2004	Schools.....	2.00-5.00	17,175,020	210,000	2024
2004	Sewers.....	2.00-5.00	4,800,235	926,000	2024
2013	Clean Water Fund loan.....	2.00	22,165,429	15,508,192	2033
2017	General Purpose.....	3.00-5.00	5,740,000	4,335,000	2037
2017	Schools.....	3.00-5.00	6,100,000	4,645,000	2037
2017	Sewers.....	3.00-5.00	2,100,000	1,780,000	2037
2019	General Purpose-Series A.....	2.125-2.00	8,835,000	7,945,000	2040
2019	General Purpose - Series B Refunding.....	5.00	2,270,000	1,980,000	2031
<b>Total Outstanding Bonded Debt.....</b>			<b>\$ 69,645,429</b>	<b>\$ 37,353,192</b>	
<b>This Issue</b>					
2020	General Purpose.....	2.00-5.00	10,000,000	10,000,000	2041
<b>Total This Issue.....</b>			<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	
<b>Grand Total.....</b>			<b>\$ 79,645,429</b>	<b>\$ 47,353,192</b>	

**Short-Term Debt**  
**As of July 24, 2020**  
**(Pro Forma)**

<b>Project</b>	<b>Amount Authorized</b>	<b>The Notes: Due: 7/23/2021</b>
Road Improvements (2019).....	\$10,000,000	\$ 4,000,000
Library Renovations & Improvements.....	6,500,000	4,000,000
Roof Repairs & Improvements.....	5,000,000	1,000,000
<b>Total .....</b>	<b>\$21,500,000</b>	<b>\$ 9,000,000</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 prepay their loans at any time prior to maturity without penalty.

**Annual Bonded Debt Maturity Schedule <sup>2</sup>**  
**As of July 24, 2020**  
**(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 The Bonds</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2021 <sup>1</sup>	\$ 2,453,132	\$ 922,426	\$ 3,375,558	\$ -	\$ 2,453,132	5.18%
2022	3,575,398	1,022,642	4,598,041	-	3,575,398	12.73%
2023	3,598,114	881,702	4,479,816	530,000	4,128,114	21.45%
2024	3,101,288	753,183	3,854,471	530,000	3,631,288	29.12%
2025	2,834,929	637,004	3,471,933	530,000	3,364,929	36.22%
2026	2,864,048	554,135	3,418,183	530,000	3,394,048	43.39%
2027	2,888,654	470,679	3,359,333	530,000	3,418,654	50.61%
2028	2,338,756	389,102	2,727,858	525,000	2,863,756	56.66%
2029	2,364,365	326,643	2,691,008	525,000	2,889,365	62.76%
2030	2,295,491	269,064	2,564,555	525,000	2,820,491	68.72%
2031	2,322,145	216,354	2,538,499	525,000	2,847,145	74.73%
2032	2,224,336	163,385	2,387,721	525,000	2,749,336	80.53%
2033	1,327,536	113,150	1,440,685	525,000	1,852,536	84.45%
2034	630,000	90,175	720,175	525,000	1,155,000	86.89%
2035	485,000	71,275	556,275	525,000	1,010,000	89.02%
2036	485,000	56,569	541,569	525,000	1,010,000	91.15%
2037	485,000	41,863	526,863	525,000	1,010,000	93.28%
2038	360,000	27,000	387,000	525,000	885,000	95.15%
2039	360,000	16,200	376,200	525,000	885,000	97.02%
2040	360,000	5,400	365,400	525,000	885,000	98.89%
2041	-	-	-	525,000	525,000	100.00%
<b>Total.....</b>	<b>\$ 37,353,192</b>	<b>\$ 7,027,949</b>	<b>\$ 44,381,141</b>	<b>\$ 10,000,000</b>	<b>\$ 47,353,192</b>	

<sup>1</sup> Excludes principal payments of \$3,633,132 and interest payments of \$1,164,588 made between July 1, 2020 and July 24, 2020.

<sup>2</sup> The Town anticipates issuing Excludes the Town's sale of \$12,400,000 General Obligation Refunding Bonds, Issue of 2020, Series B negotiated on July 16, 2020 to be delivered on or about July 31, 2020.

**Overlapping Debt**

The Town of New Milford has no overlapping debt.

**Underlying Debt**

There are twelve Tax Districts within New Milford. As of July 24, 2020, 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 24, 2020**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 24,284,000
Schools .....	4,855,000
Sewers.....	18,214,192
<b>Total Long-Term Debt.....</b>	<b>47,353,192</b>
<b>Short-Term Debt (The Notes).....</b>	<b>9,000,000</b>
<b>Direct Debt.....</b>	<b>56,353,192</b>
<b>Overlapping/Underlying Debt .....</b>	<b>-</b>
<b>Total Overall Debt.....</b>	<b>56,353,192</b>
Less: School Construction Grants Receivable (As of June 30, 2019).....	-
<b>Total Overall Net Debt.....</b>	<b>\$ 56,353,192</b>

**Current Debt Ratios**  
**As of July 24, 2020**  
**(Pro Forma)**

Population (2018) <sup>1</sup> .....	27,196
Net Taxable Grand List (10/1/19) .....	\$ 2,946,641,998
Estimated Full Value (70%).....	\$ 4,209,488,569
Equalized Grand List (10/1/17) <sup>2</sup> .....	\$ 4,343,771,207
Money Income per Capita (2018) <sup>1</sup> .....	\$ 42,708

	<b>Total Direct Debt</b>	<b>Total Overall Debt / Overall Net Debt</b>
Per Capita.....	\$2,072.11	\$2,072.11
Ratio to Net Taxable Grand List.....	1.91%	1.91%
Ratio to Estimated Full Value.....	1.34%	1.34%
Ratio to Equalized Grand List.....	1.30%	1.30%
Debt per Capita to Money Income per Capita (2018)...	4.85%	4.85%

<sup>1</sup> American Community Survey 2014-2018

<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.

## **Connecticut Governor's Executive Orders Impacting Municipal Budget Adoption Procedures for Fiscal Year 2020-21**

On March 15, 2020 and March 21, 2020, the Connecticut Governor issued emergency Executive Orders No. 7C and 7I, which permit adjustment of the budget adoption process in response to Covid-19 public health concerns. Pursuant to those Executive Orders, the New Milford Town Council at a meeting held June 1, 2020 adopted a budget for the Fiscal Year 2020-21, without reference to the voters. In doing so, the Town Council is required by the Executive Orders to comply with certain public meeting requirements set forth in the Connecticut Governor's emergency Executive Order 7B, and to take all reasonable steps to publicize the draft municipal budget for the fiscal year and receive public comment thereon, including but not limited to, publishing draft budgets on the Town website and providing an email address or other means for the public to submit timely comments on the proposed budget.

## ***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 <sup>1</sup>**  
**As of July 24, 2020**  
**(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2020 <sup>2</sup> .....	\$ 83,126,934
Reimbursement For Revenue Loss (Tax relief for elderly).....	16,995
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 83,143,929</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.....	\$ 187,073,840	-	-	-	-
4 1/2 times base.....	-	\$ 374,147,681	-	-	-
3 3/4 times base.....	-	-	\$ 311,789,734	-	-
3 1/4 times base.....	-	-	-	\$ 270,217,769	-
3 times base.....	-	-	-	-	\$ 249,431,787
<b>Total Debt Limitation.....</b>	<b>\$ 187,073,840</b>	<b>\$ 374,147,681</b>	<b>\$ 311,789,734</b>	<b>\$ 270,217,769</b>	<b>\$ 249,431,787</b>

<b>Indebtedness:</b>					
Bonds Outstanding .....	\$ 14,284,000	\$ 4,855,000	\$ 18,214,192 <sup>3</sup>	\$ -	\$ -
Bonds – This Issue.....	10,000,000	-	-	-	-
Notes – This Issue.....	9,000,000	-	-	-	-
Overlapping/Underlying Debt.....	-	-	-	-	-
Debt Authorized But Unissued.....	5,960,000	450,000	-	-	-
<b>Total Net Indebtedness.....</b>	<b>39,244,000</b>	<b>5,305,000</b>	<b>18,214,192</b>	<b>-</b>	<b>-</b>

**DEBT LIMITATION IN EXCESS**

<b>OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 147,829,840</b>	<b>\$ 368,842,681</b>	<b>\$ 293,575,542</b>	<b>\$ 270,217,769</b>	<b>\$ 249,431,787</b>
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<sup>1</sup> The Town anticipates issuing Excludes the Town's sale of \$12,400,000 General Obligation Refunding Bonds, Issue of 2020, Series B negotiated on July 16, 2020 to be delivered on or about July 31, 2020.

<sup>2</sup> Subject to audit.

<sup>3</sup> Includes \$15,508,192 Clean Water Fund Project Loan Obligation.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$582,007,503

**Authorized but Unissued Debt**  
**As of July 24, 2020**  
**(Pro Forma)**

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Maturing Notes Due: 7/24/2020</u>	<u>New Money</u>	<u>This Issue:</u>		<u>Authorized But Unissued Debt</u>
					<u>The Bonds</u>	<u>The Notes: Due: 7/23/2021</u>	
Bridge Improvements.....	\$ 4,370,000	\$ 910,000	\$ -	\$ -	\$ -	\$ -	\$ 3,460,000
Road Improvements (2019).....	10,000,000	-	6,000,000	4,000,000	6,000,000	4,000,000	-
Library Renovations & Improvements.....	6,500,000	-	-	4,000,000	-	4,000,000	2,500,000
Roof Repairs & Improvements.....	5,000,000	-	5,000,000	-	4,000,000	1,000,000	-
Synthetic Turf Field at High School .....	4,000,000	3,550,000	-	-	-	-	450,000
<b>Total .....</b>	<b>\$29,870,000</b>	<b>\$ 4,460,000</b>	<b>\$ 11,000,000</b>	<b>\$ 8,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ 9,000,000</b>	<b>\$ 6,410,000</b>

Note: Town plans to issue approximately \$12,740,000 of refunding bonds that will close in August 2020.

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**Principal Amount of Outstanding Debt  
Last Five Fiscal Years  
(in 000's)**

<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 2014-2019.

**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	\$ 2,894,516	\$ 4,135,022	\$ 13,703	0.47%	0.33%	27,196	\$ 503.84	1.18%
2018	2,882,197	4,117,424	17,031	0.59%	0.41%	27,196	626.23	1.47%
2017	2,877,947	4,111,354	20,425	0.71%	0.50%	27,196	751.01	1.76%
2016	2,903,994	4,148,563	12,258	0.42%	0.30%	27,196	450.72	1.06%
2015	2,896,409	4,137,727	15,936	0.55%	0.39%	27,196	585.97	1.37%

<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, 2014-2018.

<sup>3</sup> American Community Survey (2014-2018), Money Income Per Capita \$39,515.

**Ratio of Total General Fund Debt Service Expenditures  
To Total General Fund Expenditures and Transfers Out**

<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>
2021 <sup>2</sup>	\$ 5,335,856	\$ 103,728,566	5.14%
2020 <sup>2</sup>	5,278,915	99,061,959	5.33%
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%

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

<sup>2</sup> Subject to audit.

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</i> <b>2019-20</b>	<i>Fiscal</i> <b>2020-21</b>	<i>Fiscal</i> <b>2021-22</b>	<i>Fiscal</i> <b>2022-23</b>	<i>Fiscal</i> <b>2023-24</b>	<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</i> <b>2019-20</b>	<i>Fiscal</i> <b>2020-21</b>	<i>Fiscal</i> <b>2021-22</b>	<i>Fiscal</i> <b>2022-23</b>	<i>Fiscal</i> <b>2023-24</b>	<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.....	1,419,215	3,714,340	4,400,050	1,156,000	160,000	10,849,605
Donations.....	340,000	340,000	320,000	-	-	1,000,000
Other.....	704,314	750,172	1,110,172	900,172	785,172	4,250,002
<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, 2019, 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 7.20%. 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.

**Total Pension Liability**

Total Pension Liability .....	\$ 75,490,214
Plan Fiduciary Net Position .....	60,627,882
Total Net Pension Liability .....	<u>\$ 14,862,332</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ....	80.31%

**Pension Contributions**

	<u>2020<sup>1</sup></u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution.....	\$ 2,579,871	\$ 2,658,146	\$ 2,698,668	\$ 2,746,760	\$ 2,303,221
Contributions in Relation to the Actuarially Determined Contribution.....	2,597,333	2,658,146	2,712,258	2,746,760	2,746,760
Contribution Deficiency (Excess).....	\$ (17,462)	\$ -	\$ (13,590)	\$ -	\$ (443,539)
Contributions as a Percentage of ADC.....	100.68%	100.00%	100.50%	100.00%	119.26%
Covered Payroll.....	\$ 19,232,320	\$ 19,194,757	\$ 19,360,207	\$ 18,714,717	\$ 18,793,828
Contributions as a Percentage of Covered Payroll.....	13.51%	13.85%	14.01%	14.68%	14.62%

<sup>1</sup> Budgeted amounts.



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

The following presents the net pension liability, calculated using the discount rate of 7.20%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.20%)</b>	<b>Discount Rate</b>	<b>(8.20%)</b>
	<b>(6.20%)</b>	<b>(7.20%)</b>	<b>(8.20%)</b>
Employees' Net Pension Liability .....	\$ 23,525,422	\$ 14,862,332	\$ 7,692,682

***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, 2019, plan members of the Town contributed \$0 to the plan and covered payroll for the year was \$28,459,000.

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 \$8.6 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, 2018 was \$13.2 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$89.4 million or approximately 0.679% 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, 2018. 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, 2019, the Town contributed \$45,382 to the fund for awards earned by participants for the fiscal 2018 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 net OPEB liability reported as of June 30, 2019 totaled \$17,938,748. The total OPEB liability was measured as of June 30, 2019 using an actuarial valuation performed as of July 1, 2018. The valuation determined that for the fiscal year ending June 30, 2019 the actuarially determined contribution would be \$1,518,443 and the Town contributed \$490,625, or 32.31%. The balance in the trust fund as of June 30, 2019 was \$779,244.

**Net OPEB Liability**

Total OPEB Liability .....	\$	18,729,992
Plan Fiduciary Net Position .....		<u>791,244</u>
Total Net OPEB Liability .....	\$	<u>17,938,748</u>
Plan Fiduciary Net Position as a		
Percentage of the Total OPEB Liability .....		4.22%

**Schedule of Contributions**

	<u>2020<sup>1</sup></u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution.....	\$ 1,796,696	\$ 1,518,443	\$ 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>571,344</u>	<u>490,625</u>	<u>463,767</u>	<u>729,668</u>
Contribution Deficiency (Excess).....	\$ 1,225,352	\$ 1,027,818	\$ 796,013	\$ 665,134
Contributions as a Percentage of ADC.....	31.80%	32.31%	41.46%	52.31%
Covered Payroll.....	\$ 34,605,000	\$ 33,114,584	\$ 27,349,000	\$ 26,171,204
Contributions as a Percentage of Covered Payroll.....	1.65%	1.48%	2.06%	2.79%

<sup>1</sup> Budgeted amounts.

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(2.13%)</u>	<u>Discount Rate</u>	<u>(3.13%)</u>
	<u>(2.13%)</u>	<u>(3.13%)</u>	<u>(4.13%)</u>
Town Plan Net OPEB Liability.....	\$ 20,394,837	\$ 17,938,748	\$ 15,876,264

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Town Plan Net OPEB Liability.....	\$ 15,224,087	\$ 17,938,748	\$ 21,339,316

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>Budget</i> <sup>1</sup>	<i>Estimated Actual</i> <sup>1</sup>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<b>Revenues:</b>	<b>2020-2021</b>	<b>2019-2020</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Property Taxes .....	\$ 82,271,281	\$ 82,085,200	\$ 81,555,312	\$ 79,036,659	\$ 76,919,619	\$ 78,014,253
Intergovernmental .....	13,126,469	13,580,270	23,165,202	19,793,890	22,095,965	24,998,442
Charges for Services.....	7,920,816	8,747,368	4,492,150	5,207,905	4,472,346	4,659,038
Income on Investments.....	410,000	643,129	791,112	448,993	164,422	78,099
Other Revenues.....	-	-	117,620	-	-	-
<b>Total Revenues</b> .....	<b>103,728,566</b>	<b>105,055,967</b>	<b>110,121,396</b>	<b>104,487,447</b>	<b>103,652,352</b>	<b>107,749,832</b>
<b>Expenditures:</b>						
General government .....	11,896,542	11,176,420	12,093,874	11,700,703	11,099,967	10,918,135
Public Safety .....	7,093,867	7,007,030	7,179,744	6,707,689	7,259,023	6,822,321
Public Works .....	6,123,836	5,356,343	5,597,789	5,532,040	5,330,458	5,248,878
Health and Welfare .....	2,395,935	2,114,613	2,439,483	2,605,863	2,600,876	2,661,044
Debt Service .....	5,335,856	5,278,915	4,837,900	4,995,845	5,412,121	5,293,159
Capital Outlays .....	3,716,539	3,080,134	2,583,849	1,491,687	799,042	2,845,047
Education .....	64,464,776	62,540,692	72,159,336	68,930,536	68,472,228	70,948,347
Culture & Recreation.....	1,742,444	1,526,673	1,448,928	1,240,847	1,337,735	1,379,862
<b>Total Expenditures</b> .....	<b>102,769,795</b>	<b>98,080,820</b>	<b>108,340,903</b>	<b>103,205,210</b>	<b>102,311,450</b>	<b>106,116,793</b>
Revenues over (under) expenditures .....	958,771	6,975,147	1,780,493	1,282,237	1,340,902	1,633,039
<b>Other Financing Sources Uses:</b>						
Capital Lease Financing.....	-	-	656,940	673,353	245,938	998,531
Premium on Bonds.....	-	-	30,986	-	1,115,255	-
Premium on Bond Anticipation Notes.....	-	-	-	35,142	133,464	90,251
Transfers In .....	-	-	1,860,541	1,767,500	1,775,929	1,188,500
Transfers (Out) .....	(958,771)	(981,139)	(3,210,506)	(3,381,508)	(3,269,413)	(3,684,948)
<b>Total other Financing Sources (uses) ...</b>	<b>(958,771)</b>	<b>(981,139)</b>	<b>(662,039)</b>	<b>(905,513)</b>	<b>1,173</b>	<b>(1,407,666)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>	<b>-</b>	<b>5,994,008</b>	<b>1,118,454</b>	<b>376,724</b>	<b>1,342,075</b>	<b>225,373</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>30,182,382</b>	<b>24,188,374</b>	<b>23,069,920</b>	<b>22,693,196</b>	<b>21,351,121</b>	<b>21,125,747</b>
<b>Adjustments to Fund Balance.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 30,182,382</b>	<b>\$ 30,182,382</b>	<b>\$ 24,188,374</b>	<b>\$ 23,069,920</b>	<b>\$ 22,693,196</b>	<b>\$ 21,351,121</b>

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

**Intergovernmental Revenues**

<i>Fiscal Year Ended 6/30</i>	<i>Intergovernmental Revenues</i>	<i>Total Revenues</i>	<i>Percent</i>
2020 <sup>1</sup>	\$ 13,580,270	\$ 105,055,967	12.93%
2019	23,165,202	110,121,396	21.04%
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 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 2018-19</b>	<b>Actual 2017-18</b>	<b>Actual 2016-17</b>	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>
Cash and cash equivalents.....	\$ 24,916,531	\$ 23,268,223	\$ 21,807,273	\$ 21,244,943	\$ 21,318,493
Receivables:					
Property Taxes & Interest.....	3,176,487	2,520,142	2,431,005	2,033,675	2,114,753
Intergovernmental.....	27,548	9,832	49,871	42,641	72,762
Other Receivables.....	449,046	521,760	479,960	198,533	275,453
Inventories.....	-	-	-	33,442	32,559
Due from other funds.....	917,033	700,579	1,863,310	6,304,230	5,447,001
Other Assets.....	61,664	1,900,243	1,998,836	-	-
Advance to other funds.....	1,768,208	-	-	-	-
<b>Total Assets</b> .....	<b>31,316,517</b>	<b>28,920,779</b>	<b>28,630,255</b>	<b>29,857,464</b>	<b>29,261,021</b>
<b>Liabilities:</b>					
Accounts and Other Payables.....	1,910,009	1,910,009	2,056,468	2,901,193	804,953
Due to other funds.....	363,893	363,893	7,200	2,409,192	4,320,220
Deferred Revenues.....	-	-	-	406,486	-
Other Liabilities.....	-	-	-	50,165	51,498
Unearned Revenue.....	356,748	356,748	442,496	-	723,320
Accrued Employee Benefits.....	976,288	976,288	1,238,898	993,626	533,220
<b>Total Liabilities</b> .....	<b>3,606,938</b>	<b>3,606,938</b>	<b>3,745,062</b>	<b>6,760,662</b>	<b>6,433,211</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - propoerty taxes.....	2,243,921	2,243,921	2,191,997	1,745,681	1,702,062
Advance Property Tax Collections.....	-	-	-	-	-
<b>Total Deferred Inflows of Resources...</b>	<b>2,243,921</b>	<b>2,243,921</b>	<b>2,191,997</b>	<b>1,745,681</b>	<b>1,702,062</b>
<b>Fund Balances:</b>					
Nonspendable.....	1,900,243	1,900,243	1,998,836	33,442	32,559
Restricted.....	351,500	351,500	-	-	-
Committed.....	406,541	406,541	249,049	450,879	316,547
Assigned.....	2,849,409	2,849,409	2,511,463	2,986,781	3,015,383
Unassigned.....	17,562,227	17,562,227	17,933,848	17,880,019	17,761,259
<b>Total Fund Balances</b> .....	<b>\$ 23,069,920</b>	<b>\$ 23,069,920</b>	<b>\$ 22,693,196</b>	<b>\$ 21,351,121</b>	<b>\$ 21,125,748</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> .....	<b>\$ 28,920,779</b>	<b>\$ 28,920,779</b>	<b>\$ 28,630,255</b>	<b>\$ 29,857,464</b>	<b>\$ 29,261,021</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 110,121,396	\$ 104,487,447	\$ 103,652,352	\$ 107,749,832	\$ 106,104,916
Fund balance as a percent of operating revenues .....	20.95%	22.08%	21.89%	19.82%	19.91%
Unassigned fund balance as a percent of operating revenues .....	15.95%	16.81%	17.30%	16.59%	16.74%

## **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 case was tried to verdict and the Town won, resulting in a \$479,000 award and judgment to the Town. Additionally, SDS lost its counterclaim. Under Connecticut law the Town is empowered to authorize bonds to finance adverse judgments.

It is the Town Attorney's opinion that the risk of a reversal of the final judgment in favor of the Town on appeal in the SDS litigation is exceedingly remote. More likely, the Town's judgment against SDS will be sustained or increased. Accordingly, it is the Town Attorney's opinion that the pending SDS litigation 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.

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## **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.

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**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 14, 2020

## ***Appendix A***

### ***2019 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, 2019. 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, 2019, 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, 2019, 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**

### ***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 72 through 82 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 83 through 103 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 December 23, 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  
December 23, 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, 2019

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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, 2019.

**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 \$163,465,994 (net position). Of this amount, \$6,708,409 represents the Town's unrestricted net position.
- The Town's total net position increased by \$1,004,397 during the current fiscal year, which consisted of a current year increase of \$72,620 relating to the Town's governmental activities and an increase of \$931,777 relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$40,920,919, a current year increase of \$3,174,739 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$20,005,594 or 19.4% of the Town's fiscal year 2020 budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.3 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, 2019

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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, 2019

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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 71 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 72 through 82 and 83 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, 2019

**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 \$163,465,994 as of June 30, 2019 and \$162,461,597 as of June 30, 2018, and is summarized as follows:

**Net Position  
June 30, 2019**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 65,309,286	\$ 4,837,966	\$ 70,147,252
Capital assets	137,752,712	37,664,297	175,417,009
Total assets	<u>203,061,998</u>	<u>42,502,263</u>	<u>245,564,261</u>
Deferred outflows of resources	<u>8,915,938</u>	<u>101,715</u>	<u>9,017,653</u>
Other liabilities	7,163,770	331,015	7,494,785
Long-term liabilities	56,840,705	20,077,870	76,918,575
Total liabilities	<u>64,004,475</u>	<u>20,408,885</u>	<u>84,413,360</u>
Deferred inflows of resources	<u>6,631,676</u>	<u>70,884</u>	<u>6,702,560</u>
Net position:			
Net investment in capital assets	115,283,017	18,032,297	133,315,314
Restricted	23,442,271	-	23,442,271
Unrestricted	2,616,497	4,091,912	6,708,409
Total net position	<u>\$ 141,341,785</u>	<u>\$ 22,124,209</u>	<u>\$ 163,465,994</u>

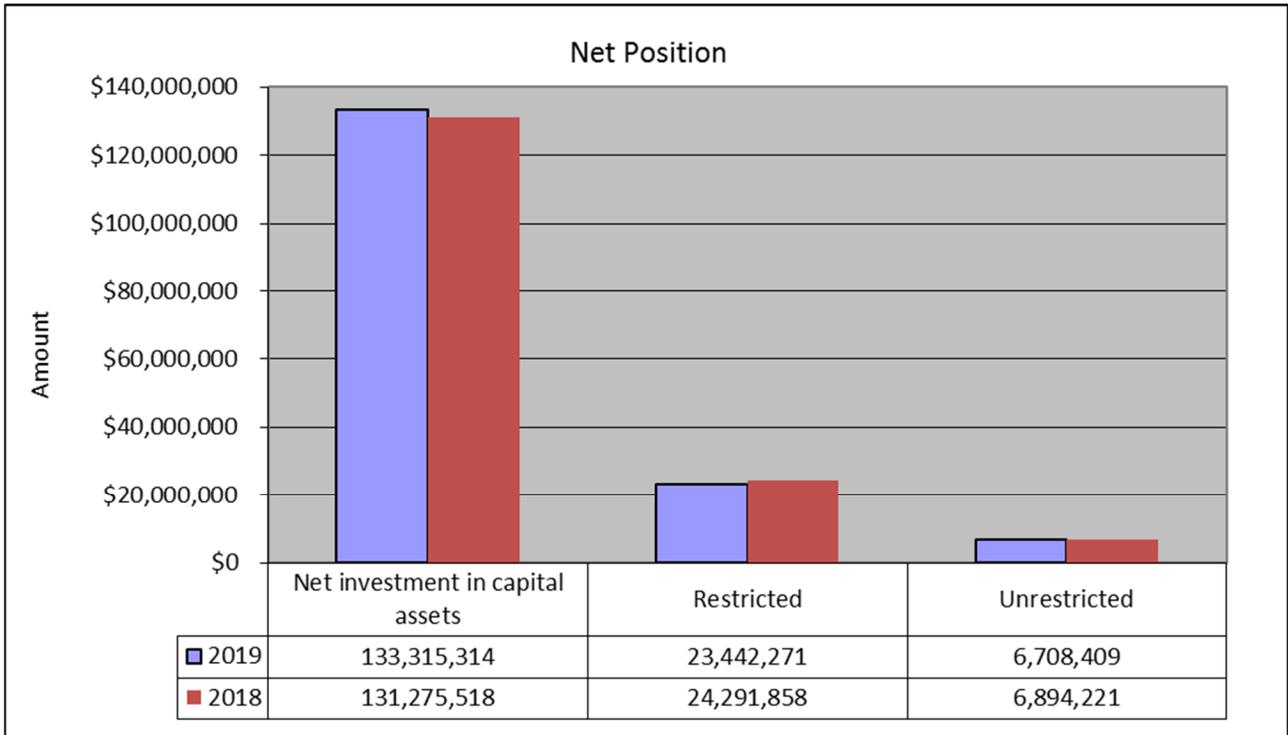
**Net Position  
June 30, 2018**

	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>

**TOWN OF NEW MILFORD, CONNECTICUT**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Net Position (Continued)**



As of June 30, 2019, 81.6% 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.

14.3% 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, \$21,857,601 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 an unrestricted net position of \$6,708,409.

Overall, net position increased during the current year by \$1,004,397 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, 2019

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

**Changes in Net Position**

Changes in net position for the years ended June 30, 2019 and 2018 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2018 to conform with the current year presentation.

**Changes in Net Position  
For The Year Ended June 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 5,975,664	\$ 2,989,354	\$ 8,965,018
Operating grants and contributions	20,511,396	-	20,511,396
Capital grants and contributions	1,433,568	-	1,433,568
General revenues:			
Property taxes, levied for general purposes	82,211,657	-	82,211,657
Grants and contributions not restricted to specific programs	489,466	-	489,466
Investment earnings	1,323,142	54,050	1,377,192
Other	129,238	-	129,238
Total revenues	<u>112,074,131</u>	<u>3,043,404</u>	<u>115,117,535</u>
<b>Expenses</b>			
General government	12,655,915	-	12,655,915
Public safety	9,592,080	-	9,592,080
Public works	8,725,647	-	8,725,647
Health and welfare	2,471,343	-	2,471,343
Library	1,099,289	-	1,099,289
Culture and recreation	1,551,504	-	1,551,504
Education	73,880,395	-	73,880,395
Interest expense	625,548	-	625,548
Sewer	-	3,511,417	3,511,417
Total expenses	<u>110,601,721</u>	<u>3,511,417</u>	<u>114,113,138</u>
Change in net position before transfers	1,472,410	(468,013)	1,004,397
Transfers	(1,399,790)	1,399,790	-
Change in net position	<u>\$ 72,620</u>	<u>\$ 931,777</u>	<u>\$ 1,004,397</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Change in Net Position (Continued)**

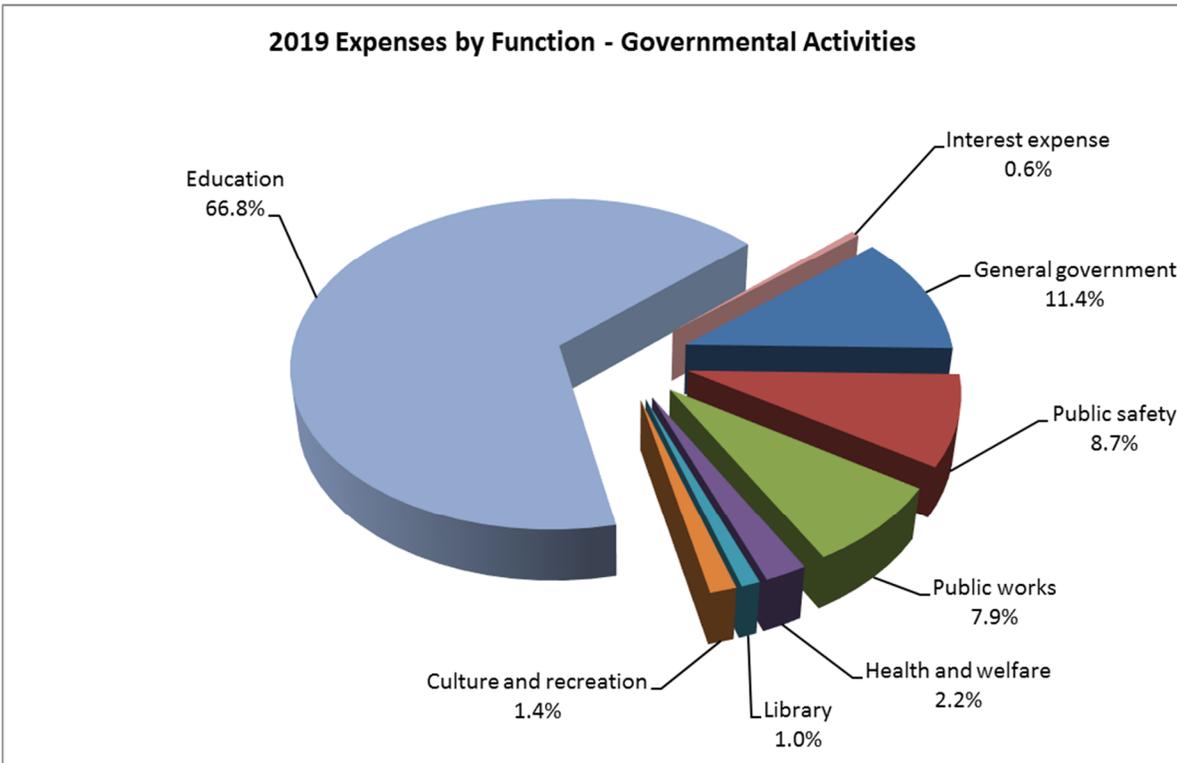
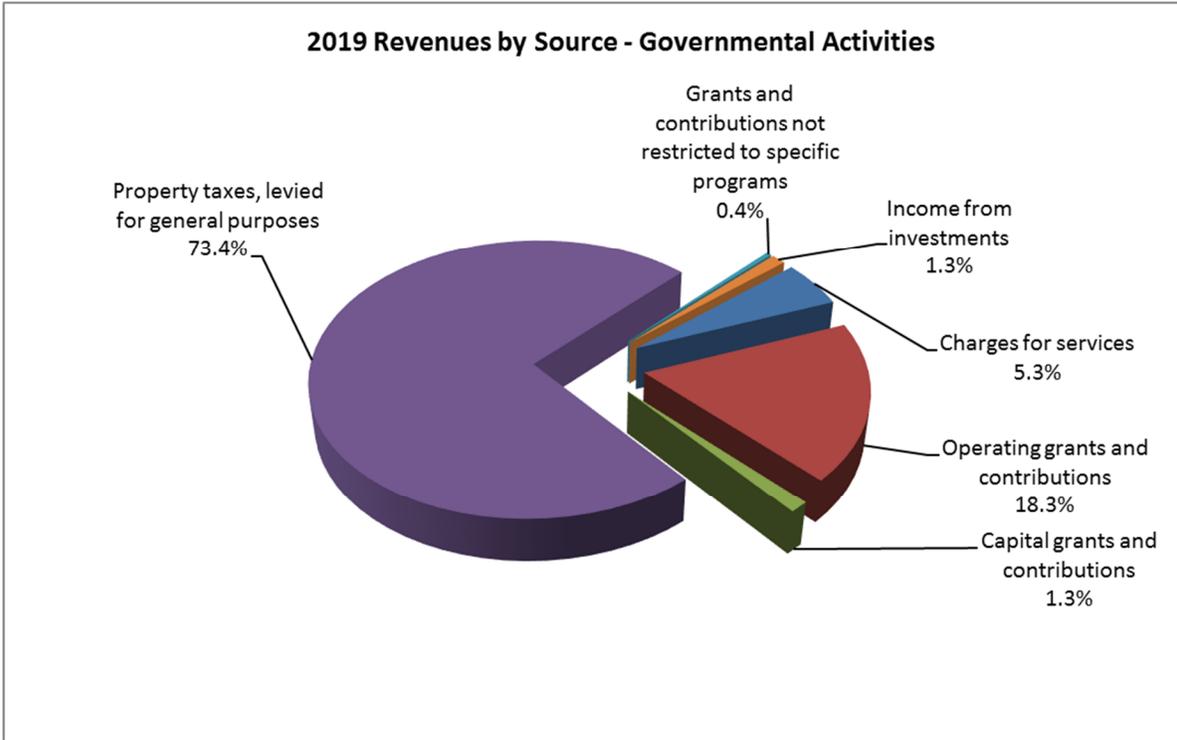
**Changes in Net Position  
For The Year Ended June 30, 2018**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 6,172,353	\$ 2,966,891	\$ 9,139,244
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>115,933,568</u>	<u>3,031,497</u>	<u>118,965,065</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	80,318,228	-	80,318,228
Interest expense	699,040	-	699,040
Sewer	-	3,486,753	3,486,753
Total expenses	<u>114,249,342</u>	<u>3,486,753</u>	<u>117,736,095</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, 2019

**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, 2019

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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 \$72,620. Revenues decreased over the prior year by \$3,859,437 or 3.3% from \$115,933,568 to \$112,074,131. Expenses decreased over the prior year by \$3,647,621 or 3.2% from \$114,249,342 to \$110,601,721.

Revenues and expenses recognized for the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System decreased by \$6,043,328. This had a direct impact on the decrease in operating grants and education expenses reported by the Town for the current fiscal year.

***Business-type Activities***

Business-type activities increased the Town's net position by a current year change of \$931,777. Revenues increased over the prior year by \$11,907 or 0.39% from \$3,031,497 to \$3,043,404. Expenses increased over the prior year by \$24,664 or 0.71% from \$3,486,753 to \$3,511,417.

**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 \$40,920,919.

**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 \$20,005,594. 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 represented 19.4% of the Town's fiscal year 2020 budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.3 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$1,118,454 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, 2019

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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 \$1,886,358 during the current fiscal year from \$10,399,865 to \$12,286,223. 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 deficit reported in the Capital Projects Fund increased by \$161,020 during the current fiscal year from a deficit of \$1,526,608 to a deficit of \$1,687,628. 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 \$1,390,227. Revenues were \$453,742 more than budgeted. Transfers in and other financing sources were \$569,767 less than budgeted and expenditures and transfers out were \$2,319,612 less than budgeted.

Special appropriations during the year totaled \$1,242,767 for the following purposes:

- \$350,000 in funding towards the purchase of a fire truck
- \$274,350 in funding towards the purchase of a pothole machine
- \$125,000 in funding towards the purchase of truck and compressor motor
- \$423,710 in funding for various capital projects and equipment purchases
- \$69,707 in funding towards Young's Field Phase II

**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, 2019 totaled \$175,417,009 (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 \$2,365,636 or 1.4%. Significant capital events during the current fiscal year included the following:

- Outlays for various road and bridge construction projects of approximately \$7.0 million
- Outlays pertaining to the replacement of the Sarah Noble Roof of approximately \$1.3 million
- Outlays of leased equipment and vehicles of approximately \$657 thousand
- Outlays pertaining to the purchase of an asphalt patcher of approximately \$226 thousand
- Outlays pertaining to the purchase of two Ford F550 dump trucks of approximately \$196 thousand
- Outlays pertaining to the replacement of underground oil tanks of approximately \$140 thousand

**TOWN OF NEW MILFORD, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**Capital Assets (Continued)**

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

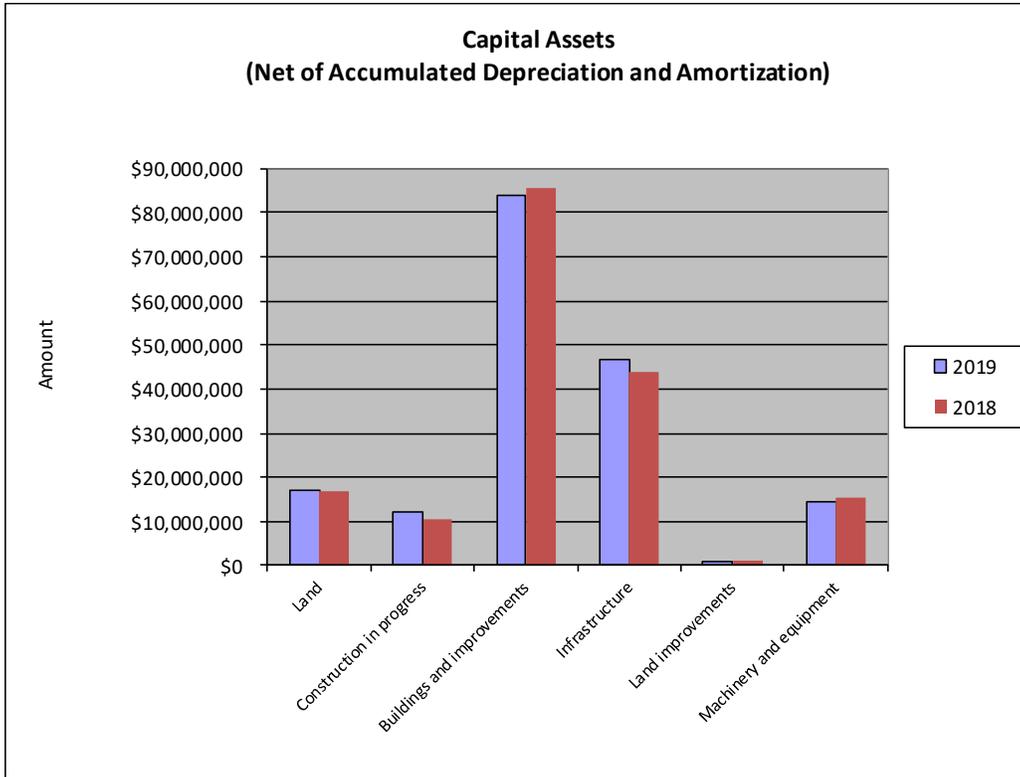
<b>Capital Assets, Net</b>			
<b>June 30, 2019</b>			
	Governmental	Business-type	
	Activities	Activities	Total
Land	\$ 16,906,235	\$ 5,000	\$ 16,911,235
Construction in progress	12,003,280	186,900	12,190,180
Buildings and improvements	58,682,742	25,213,691	83,896,433
Infrastructure	39,806,442	7,014,584	46,821,026
Land improvements	1,045,724	-	1,045,724
Machinery and equipment	9,308,289	5,244,122	14,552,411
Totals	<u>\$ 137,752,712</u>	<u>\$ 37,664,297</u>	<u>\$ 175,417,009</u>

<b>Capital Assets, Net</b>			
<b>June 30, 2018</b>			
	Governmental	Business-type	
	Activities	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>

**TOWN OF NEW MILFORD, CONNECTICUT**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**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 \$40,694,500. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$4,749,913 or 11.7% 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, 2019

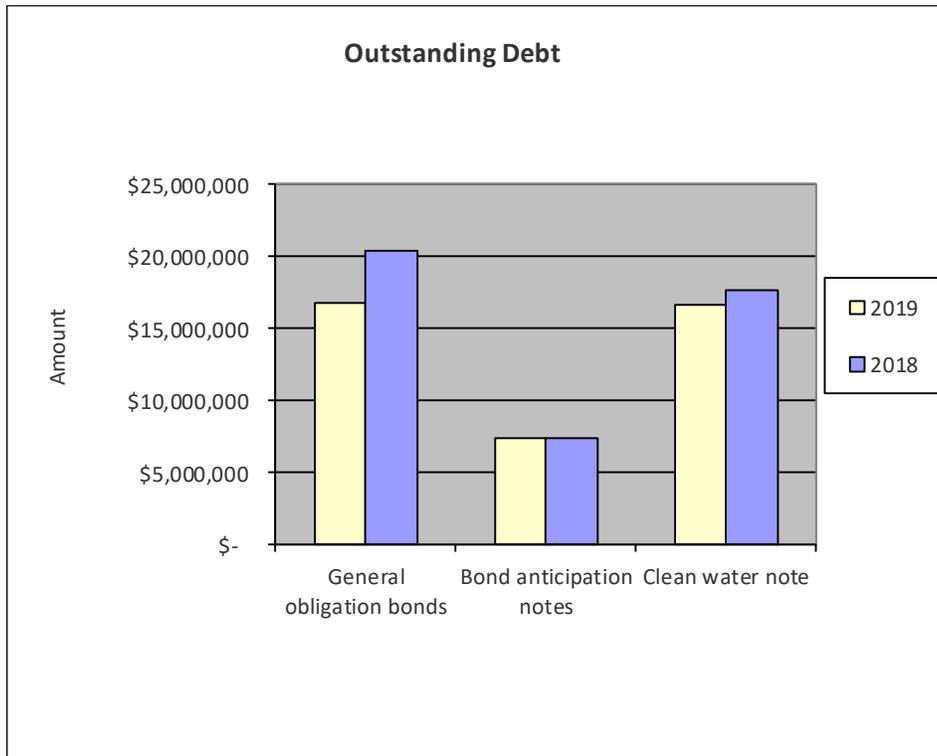
**Capital Asset and Debt Administration (Continued)**

**Debt Administration (Continued)**

The following are tables of bonded debt as of June 30, 2019 and 2018:

<b>Bonded Debt June 30, 2019</b>			
	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 13,702,500	\$ 3,042,500	\$ 16,745,000
Bond anticipation notes	7,360,000	-	7,360,000
Clean water note	-	16,589,500	16,589,500
Totals	\$ 21,062,500	\$ 19,632,000	\$ 40,694,500

<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	\$ 24,391,000	\$ 21,053,413	\$ 45,444,413



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, 2019

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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 \$20,005,594 at June 30, 2019.

- 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 2020, 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 2020 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 2020.

**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, 2019**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,047,600	\$ 4,031,936	\$ 46,079,536
Investments	6,610,347	-	6,610,347
Receivables:			
Property taxes and interest, net	3,176,487	-	3,176,487
Grants and contracts	344,852	-	344,852
Settlement	2,700,000	-	2,700,000
Assessments and connection fees	-	331,771	331,771
Other	478,367	266,288	744,655
Other assets	83,425	47,468	130,893
Noncurrent assets:			
Receivables:			
Assessments and connection fees	-	1,928,711	1,928,711
Settlement	8,100,000	-	8,100,000
Internal balances	1,768,208	(1,768,208)	-
Capital assets:			
Non-depreciable	28,909,515	191,900	29,101,415
Depreciable, net	108,843,197	37,472,397	146,315,594
Total assets	<u>203,061,998</u>	<u>42,502,263</u>	<u>245,564,261</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges of pension expense	3,288,769	101,715	3,390,484
Deferred charges of OPEB expense	5,612,387	-	5,612,387
Deferred charges on refunding	14,782	-	14,782
Total deferred outflows of resources	<u>8,915,938</u>	<u>101,715</u>	<u>9,017,653</u>
<b>LIABILITIES</b>			
Accounts payable	4,847,473	28,425	4,875,898
Accrued liabilities	1,158,676	302,590	1,461,266
Unearned revenue	632,621	-	632,621
Bond anticipation notes payable	525,000	-	525,000
Noncurrent liabilities:			
Due within one year	9,407,330	1,417,807	10,825,137
Due in more than one year	47,433,375	18,660,063	66,093,438
Total liabilities	<u>64,004,475</u>	<u>20,408,885</u>	<u>84,413,360</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension expense	2,291,908	70,884	2,362,792
Deferred charges of OPEB expense	4,339,768	-	4,339,768
Total deferred inflows of resources	<u>6,631,676</u>	<u>70,884</u>	<u>6,702,560</u>
<b>NET POSITION</b>			
Net investment in capital assets	115,283,017	18,032,297	133,315,314
Restricted for:			
Capital purposes - enabling legislation	21,857,601	-	21,857,601
Grant and other programs	1,584,670	-	1,584,670
Unrestricted	2,616,497	4,091,912	6,708,409
Total net position	<u>\$ 141,341,785</u>	<u>\$ 22,124,209</u>	<u>\$ 163,465,994</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, 2019

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	\$ 12,655,915	\$ 1,300,816	\$ 40,472	\$ -	\$ (11,314,627)	\$ -	\$ (11,314,627)
Public safety	9,592,080	908,140	4,187	-	(8,679,753)	-	(8,679,753)
Public works	8,725,647	352,150	1,455,480	1,173,172	(5,744,845)	-	(5,744,845)
Health and welfare	2,471,343	64,801	400,045	-	(2,006,497)	-	(2,006,497)
Library	1,099,289	22,800	50,803	-	(1,025,686)	-	(1,025,686)
Culture and recreation	1,551,504	1,179,078	36,978	49,919	(285,529)	-	(285,529)
Education	73,880,395	2,147,879	18,523,431	210,477	(52,998,608)	-	(52,998,608)
Interest expense	625,548	-	-	-	(625,548)	-	(625,548)
Total governmental activities	<u>110,601,721</u>	<u>5,975,664</u>	<u>20,511,396</u>	<u>1,433,568</u>	<u>(82,681,093)</u>	<u>-</u>	<u>(82,681,093)</u>
Business-type activities:							
Sewer	<u>3,511,417</u>	<u>2,989,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(522,063)</u>	<u>(522,063)</u>
Total primary government	<u>\$ 114,113,138</u>	<u>\$ 8,965,018</u>	<u>\$ 20,511,396</u>	<u>\$ 1,433,568</u>	<u>(82,681,093)</u>	<u>(522,063)</u>	<u>(83,203,156)</u>
General revenues:							
Property taxes, levied for general purposes					82,211,657	-	82,211,657
Grants and contributions not restricted to specific programs					489,466	-	489,466
Investment earnings					1,323,142	54,050	1,377,192
Other					129,238	-	129,238
Total general revenues					<u>84,153,503</u>	<u>54,050</u>	<u>84,207,553</u>
							Change in net position before transfers
					1,472,410	(468,013)	1,004,397
Transfers, net					<u>(1,399,790)</u>	<u>1,399,790</u>	<u>-</u>
							Change in net position
					72,620	931,777	1,004,397
							Net position - beginning
					<u>141,269,165</u>	<u>21,192,432</u>	<u>162,461,597</u>
							Net position - ending
					<u>\$ 141,341,785</u>	<u>\$ 22,124,209</u>	<u>\$ 163,465,994</u>

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



**TOWN OF NEW MILFORD, CONNECTICUT**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Waste Management Ordinance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 24,916,531	\$ 7,848,655	\$ 1,173,632	\$ 3,842,615	\$ 37,781,433
Investments	-	4,438,772	-	2,171,575	6,610,347
Receivables:					
Property taxes, net	2,557,775	-	-	-	2,557,775
Interest on property taxes, net	618,712	-	-	-	618,712
Intergovernmental	27,548	-	-	317,304	344,852
Other	449,046	-	-	29,321	478,367
Due from other funds	917,033	-	-	644,891	1,561,924
Advances to other funds	1,768,208	-	-	-	1,768,208
Other	61,664	-	-	21,761	83,425
Total assets	<u>\$ 31,316,517</u>	<u>\$ 12,287,427</u>	<u>\$ 1,173,632</u>	<u>\$ 7,027,467</u>	<u>\$ 51,805,043</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,089,460	\$ 1,204	\$ 1,866,550	\$ 129,047	\$ 4,086,261
Accrued expenses	1,014,474	-	-	3,578	1,018,052
Due to other funds	779,130	-	469,710	473,084	1,721,924
Unearned revenue	344,813	-	-	287,808	632,621
Bond anticipation notes payable	-	-	525,000	-	525,000
Total liabilities	<u>4,227,877</u>	<u>1,204</u>	<u>2,861,260</u>	<u>893,517</u>	<u>7,983,858</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>2,900,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900,266</u>
<b>FUND BALANCES</b>					
Nonspendable	1,829,872	-	-	20,246	1,850,118
Restricted	-	11,057,601	670,039	1,584,670	13,312,310
Committed	335,827	-	-	4,568,976	4,904,803
Assigned	2,017,081	1,228,622	-	-	3,245,703
Unassigned	20,005,594	-	(2,357,667)	(39,942)	17,607,985
Total fund balances	<u>24,188,374</u>	<u>12,286,223</u>	<u>(1,687,628)</u>	<u>6,133,950</u>	<u>40,920,919</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,316,517</u>	<u>\$ 12,287,427</u>	<u>\$ 1,173,632</u>	<u>\$ 7,027,467</u>	<u>\$ 51,805,043</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, 2019**

Total fund balances for governmental funds		\$ 40,920,919
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.		137,752,712
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.		2,269,480
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.		2,900,266
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		10,800,000
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	(140,624)	
Long-term debt:		
Bonds payable, net	(15,112,522)	
Bond anticipation notes payable	(6,835,000)	
Deferred charges on refunding	14,782	
Other long-term liabilities:		
Capital lease obligations	(1,206,994)	
Compensated absences	(1,168,144)	
Heart and hypertension liability	(162,835)	
Net pension liability	(14,416,462)	
Net OPEB liability	(17,938,748)	
Total long-term liabilities	(56,966,547)	(56,966,547)
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.		3,664,955
Net position of governmental activities		\$ 141,341,785

*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, 2019**

	<b>General Fund</b>	<b>Waste Management Ordinance Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 81,555,312	\$ -	\$ -	\$ -	\$ 81,555,312
Intergovernmental	23,165,202	-	-	3,700,629	26,865,831
Charges for services	4,492,150	-	-	1,492,387	5,984,537
Investment earnings	791,112	371,858	-	160,172	1,323,142
Other	117,620	2,700,000	-	353,291	3,170,911
Total revenues	<u>110,121,396</u>	<u>3,071,858</u>	<u>-</u>	<u>5,706,479</u>	<u>118,899,733</u>
<b>EXPENDITURES</b>					
Current:					
General government	12,093,874	-	-	-	12,093,874
Public safety	7,179,744	-	-	32,147	7,211,891
Public works	5,597,789	-	-	-	5,597,789
Health and welfare	2,439,483	-	-	32,947	2,472,430
Library	-	-	-	1,099,289	1,099,289
Culture and recreation	1,448,928	-	-	6,114	1,455,042
Education	72,159,336	-	-	3,243,331	75,402,667
Debt service:					
Principal payments	4,026,277	-	-	-	4,026,277
Interest and fiscal charges	811,623	-	-	-	811,623
Capital outlays	2,583,849	35,500	6,996,020	2,061,879	11,677,248
Total expenditures	<u>108,340,903</u>	<u>35,500</u>	<u>6,996,020</u>	<u>6,475,707</u>	<u>121,848,130</u>
Excess (deficiency) of revenues over expenditures	1,780,493	3,036,358	(6,996,020)	(769,228)	(2,948,397)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease financing	656,940	-	-	-	656,940
Issuance of bond anticipation notes	-	-	6,835,000	-	6,835,000
Premium on issuance of debt	30,986	-	-	-	30,986
Transfers in	1,860,541	-	-	2,145,018	4,005,559
Transfers out	(3,210,506)	(1,150,000)	-	(1,044,843)	(5,405,349)
Total other financing sources (uses)	<u>(662,039)</u>	<u>(1,150,000)</u>	<u>6,835,000</u>	<u>1,100,175</u>	<u>6,123,136</u>
Net change in fund balances	1,118,454	1,886,358	(161,020)	330,947	3,174,739
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 24,188,374</u>	<u>\$ 12,286,223</u>	<u>\$ (1,687,628)</u>	<u>\$ 6,133,950</u>	<u>\$ 40,920,919</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, 2019**

Net change in fund balances - total governmental funds \$ 3,174,739

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	\$ 9,841,511	
Depreciation and amortization expense	<u>(5,961,560)</u>	
Net adjustment		3,879,951

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. (448,208)

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:

Settlement receivable	(2,700,000)
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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	(656,940)	
Bond anticipation notes issued	(6,835,000)	
Principal repayments:		
Bonds and note payable	3,328,500	
Capital lease financing	<u>697,777</u>	
Net adjustment		(3,465,663)

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. 2,106,366  
*(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, 2019**

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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	\$	42,109	
Amortization of bond premiums		138,324	
Amortization of deferred charges on refunding		(25,344)	
Compensated absences		(80,950)	
Heart and hypertension liability		(162,835)	
Net pension liability		(544,607)	
Net OPEB liability		(3,126,627)	
		(3,126,627)	
	\$		(3,759,930)

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. 656,345

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. 629,020

Change in net position of governmental activities \$ 72,620  
*(Concluded)*

**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	<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	\$ 4,031,936	\$ 4,266,167
Receivables:		
Assessments	312,497	-
Sewer usage charges	266,288	-
Connection fees	19,274	-
Due from other funds	-	160,000
Inventories	47,468	-
Total current assets	<u>4,677,463</u>	<u>4,426,167</u>
Noncurrent assets:		
Receivables:		
Assessments	1,796,626	-
Connection fees	132,085	-
Capital assets:		
Non-depreciable	191,900	-
Depreciable, net	37,472,397	-
Total noncurrent assets	<u>39,593,008</u>	<u>-</u>
Total assets	<u>44,270,471</u>	<u>4,426,167</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on pension expense	<u>101,715</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	28,425	527
Accrued liabilities	302,590	760,685
Bonds and notes payable	1,417,807	-
Total current liabilities	<u>1,748,822</u>	<u>761,212</u>
Noncurrent liabilities:		
Advance from other funds	1,768,208	-
Bonds and notes payable	18,214,193	-
Net pension liability	445,870	-
Total non-current liabilities	<u>20,428,271</u>	<u>-</u>
Total liabilities	<u>22,177,093</u>	<u>761,212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred charges on pension expense	<u>70,884</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	18,032,297	-
Unrestricted	4,091,912	3,664,955
Total net position	<u>\$ 22,124,209</u>	<u>\$ 3,664,955</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, 2019**

	<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	\$ 2,989,354	\$ 13,164,100
Total operating revenues	<u>2,989,354</u>	<u>13,164,100</u>
<b>OPERATING EXPENSES</b>		
Personnel services	617,648	-
Employee benefits	401,561	-
Utilities	237,787	-
Laboratory	27,847	-
Maintenance and repairs	122,547	-
Process expense	291,580	-
Administration, premiums and claims	129,535	12,535,080
Depreciation and amortization	1,220,236	-
Pension expense (benefit)	(5,496)	-
Total operating expenses	<u>3,043,245</u>	<u>12,535,080</u>
Operating income (loss)	(53,891)	629,020
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest income	54,050	-
Interest expense	(468,172)	-
Total non-operating expense, net	<u>(414,122)</u>	<u>-</u>
Change in net position before transfers	(468,013)	629,020
Transfer in - Contribution towards debt service	<u>1,399,790</u>	<u>-</u>
Change in net position	931,777	629,020
Net position - beginning	<u>21,192,432</u>	<u>3,035,935</u>
Net position - ending	<u>\$ 22,124,209</u>	<u>\$ 3,664,955</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, 2019**

	<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	\$ 3,149,204	\$ 13,004,100
Cash paid for the following:		
Operating activities	(1,867,959)	(12,548,500)
Net cash provided by (used in) operating activities	<u>1,281,245</u>	<u>455,600</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(154,129)	-
Interest paid on capital debt	(473,578)	-
Principal paid on capital debt	(1,421,413)	-
Interfund activities	1,301,197	-
Net cash used in capital and related financial activities	<u>(747,923)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>54,050</u>	<u>-</u>
Net increase in cash and cash equivalents	587,372	455,600
Cash and cash equivalents, beginning of year	3,444,564	3,810,567
Cash and cash equivalents, end of year	<u>\$ 4,031,936</u>	<u>\$ 4,266,167</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income loss	\$ (53,891)	\$ 629,020
Adjustments to reconcile operating income loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,220,236	-
Pension expense	(5,496)	-
Changes in assets and liabilities:		
Decrease in receivables	159,850	-
Increase in inventories	(330)	-
Decrease in accounts payable	(47,961)	(36,084)
Increase in claims payable	-	22,664
Increase in accrued liabilities	8,837	-
Increase in interfund activities	-	(160,000)
Net cash provided by (used in) operating activities	<u>\$ 1,281,245</u>	<u>\$ 455,600</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, 2019**

	<b>Pension Trust Fund</b>	<b>Other Post- Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 791,244	\$ 79,069	\$ 2,543,921
Investments:				
Insurance contracts	60,627,882	-	-	132,930
Mutual funds	-	-	66,523	1,007,165
Corporate bonds	-	-	-	191,743
Common stock	-	-	32,600	-
Other	-	-	202	-
Total assets	<u>60,627,882</u>	<u>791,244</u>	<u>178,394</u>	<u>\$ 3,875,759</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	\$ 2,000
Due to student groups	-	-	-	526,318
Due to others	-	-	-	3,347,441
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 3,875,759</u>
<b>NET POSITION</b>				
Held in trust for pension benefits and other purposes	<u>\$ 60,627,882</u>	<u>\$ 791,244</u>	<u>\$ 178,394</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, 2019**

	<b>Pension Trust Fund</b>	<b>Other Post- Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,658,146	\$ -	\$ -
Plan members	336,468	-	-
Total contributions	<u>2,994,614</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Interest and dividends	-	11,703	4,286
Net change in the fair value of investments, net of fees	3,589,716	-	1,368
Total investment earnings	<u>3,589,716</u>	<u>11,703</u>	<u>5,654</u>
Total additions	<u>6,584,330</u>	<u>11,703</u>	<u>5,654</u>
<b>DEDUCTIONS</b>			
Benefit payments	3,798,529	-	-
Awards expense	-	-	500
Administrative expenses	29,508	-	150
Total deductions	<u>3,828,037</u>	<u>-</u>	<u>650</u>
Change in net position	2,756,293	11,703	5,004
Net position - beginning	<u>57,871,589</u>	<u>779,541</u>	<u>173,390</u>
Net position - ending	<u>\$ 60,627,882</u>	<u>\$ 791,244</u>	<u>\$ 178,394</u>

*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, 2019

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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, 2019

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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, \$11,057,601 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, 2019

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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, 2019

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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 New Accounting Standards**

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have a material effect on the Town's financial statements.

Effective July 1, 2018, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The adoption of this statement did not have a material effect on the Town's financial statements.

**Assets, Liabilities, Deferred Outflows and 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.

**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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

**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, 2019 of \$100,000 and \$95,000, 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, 2019 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise funds are included as part of the capitalized cost of the assets constructed.

Capital assets of the Town are defined by the following capitalization thresholds:

Asset Category	Capitalization Threshold
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

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

**Capital Assets *(Continued)***

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 and OPEB liabilities and are being amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consist of revenues that are considered unavailable under the modified accrual basis of accounting and deferred charges on pension and OPEB 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 and OPEB liabilities and are being amortized as a reduction 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, 2019

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

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

**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.

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

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(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, 2019

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2019 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 46,079,536
Statement of fiduciary net position:	
Cash and cash equivalents	<u>3,414,234</u>
	49,493,770
Less: cash equivalents considered investments for disclosure purposes	<u>(15,368,750)</u>
	<u><u>\$ 34,125,020</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$33,694,783 of the Town's bank balance of \$34,958,556 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 30,325,305
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>3,369,478</u>
	<u><u>\$ 33,694,783</u></u>

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, 2019 is as follows:

Government-wide statement of net position:	
Investments	\$ 6,610,347
Statement of fiduciary net position:	
Investments	<u>62,058,843</u>
	68,669,190
Add: cash equivalents considered investments for disclosure purposes	<u>15,368,750</u>
	<u><u>\$ 84,037,940</u></u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

As of June 30, 2019, 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	\$ 14,516,770	\$ 14,516,770	\$ -	\$ -
Municipal bonds	Fair value	1,743,692	-	1,743,692	-
U.S. Agency securities	Fair value	2,446,080	747,917	745,498	952,665
Certificate of deposit	Amortized cost	249,000	249,000	-	-
<b>Business-Type Activities:</b>					
Short-Term Investment Fund	Net asset value	846,747	846,747	-	-
<b>Fiduciary:</b>					
Money market mutual funds	Net asset value	5,233	5,233	-	-
Corporate bonds	Fair value	182,953	15,132	150,128	17,693
		19,990,475	\$ 16,380,799	\$ 2,639,318	\$ 970,358
<b>Other investments:</b>					
<b>Governmental Activities:</b>					
Mutual funds	Fair value	2,171,575			
<b>Fiduciary:</b>					
Mutual Funds	Fair value	1,215,408			
Common stock	Fair value	32,600			
Insurance contracts	Contract value	60,627,882			
		\$ 84,037,940			

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	\$ 14,516,770	\$ -	\$ -	\$ -	\$ -
Municipal bonds	714,835	1,028,857	-	-	-
U.S. Agency securities	2,446,080	-	-	-	-
Certificate of deposit	-	-	-	-	249,000
<b>Business Type Activities</b>					
Short-Term Investment Fund	846,747	-	-	-	-
<b>Fiduciary Funds:</b>					
Money market mutual funds	-	-	-	-	5,233
Corporate Bonds	-	-	53,286	129,667	-

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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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, 2019, 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	\$ 14,516,770	69.5%
<b><i>Business Type Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	846,747	100.0%
<b><i>Fiduciary:</i></b>			
Principal Financial Group	Bond Market Index Separate Account-R6	11,240,914	18.1%
Principal Financial Group	Core Plus Bd Separate Account-I1	16,141,770	26.0%
Principal Financial Group	Large Cap Growth I Sep Acct-11	6,326,727	10.2%

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**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, 2019, 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	\$ -	\$ 1,743,692	\$ -
U.S. Agency securities	-	2,446,080	-
Mutual funds	2,171,575	-	-
<b><i>Fiduciary Funds:</i></b>			
Corporate bonds	-	182,953	-
Mutual funds	1,215,408	-	-
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, 2019**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2019 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	10,226,851	8,345,734	-	(6,569,305)	12,003,280
Total capital assets, not being depreciated	<u>27,133,086</u>	<u>8,345,734</u>	<u>-</u>	<u>(6,569,305)</u>	<u>28,909,515</u>
Capital assets, being depreciated:					
Buildings and improvements	100,694,941	177,021	-	1,268,114	102,140,076
Infrastructure	108,282,748	-	-	5,239,416	113,522,164
Land improvements	1,671,412	-	-	-	1,671,412
Machinery and equipment	20,973,311	1,318,756	(705,960)	61,775	21,647,882
Total capital assets, being depreciated	<u>231,622,412</u>	<u>1,495,777</u>	<u>(705,960)</u>	<u>6,569,305</u>	<u>238,981,534</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	41,066,413	2,390,921	-	-	43,457,334
Infrastructure	71,533,553	2,182,169	-	-	73,715,722
Land improvements	524,022	101,666	-	-	625,688
Machinery and equipment	11,310,541	1,286,804	(257,752)	-	12,339,593
Total accumulated depreciation and amortization	<u>124,434,529</u>	<u>5,961,560</u>	<u>(257,752)</u>	<u>-</u>	<u>130,138,337</u>
Total capital assets, being depreciated, net	<u>107,187,883</u>	<u>(4,465,783)</u>	<u>(448,208)</u>	<u>6,569,305</u>	<u>108,843,197</u>
Governmental activities capital assets, net	<u>\$ 134,320,969</u>	<u>\$ 3,879,951</u>	<u>\$ (448,208)</u>	<u>\$ -</u>	<u>\$ 137,752,712</u>

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

Governmental Activities:	
General government	\$ 286,420
Public safety	407,706
Public works	2,842,290
Health and welfare	27,482
Culture and recreation	114,308
Education	<u>2,283,354</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 5,961,560</u>



**TOWN OF NEW MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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

Capital asset activity for business-type activities for the year ended June 30, 2019 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Construction in progress	97,388	127,366	-	(37,854)	186,900
Total capital assets, not being depreciated	<u>102,388</u>	<u>127,366</u>	<u>-</u>	<u>(37,854)</u>	<u>191,900</u>
Capital assets, being depreciated:					
Buildings and improvements	29,571,666	-	-	-	29,571,666
Infrastructure	10,469,873	18,318	-	21,600	10,509,791
Machinery and equipment	9,105,107	8,445	-	16,254	9,129,806
Total capital assets, being depreciated	<u>49,146,646</u>	<u>26,763</u>	<u>-</u>	<u>37,854</u>	<u>49,211,263</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	3,750,197	607,778	-	-	4,357,975
Infrastructure	3,272,117	223,090	-	-	3,495,207
Machinery and equipment	3,496,316	389,368	-	-	3,885,684
Total accumulated depreciation and amortization	<u>10,518,630</u>	<u>1,220,236</u>	<u>-</u>	<u>-</u>	<u>11,738,866</u>
Total capital assets, being depreciated, net	<u>38,628,016</u>	<u>(1,193,473)</u>	<u>-</u>	<u>37,854</u>	<u>37,472,397</u>
Business-type activities capital assets, net	<u>\$ 38,730,404</u>	<u>\$ (1,066,107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,664,297</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, 2019 totaled \$10,800,000. Future annual installments collectible under the settlement agreement are as follows as of June 30, 2019:

Year ending June 30:	Amount
2020	\$ 2,700,000
2021	2,700,000
2022	2,700,000
2023	2,700,000
	<u>\$ 10,800,000</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Water Pollution Control Authority	\$ 1,768,208
	Capital Projects Fund	469,710
	Other Governmental Funds	447,323
		<u>2,685,241</u>
Other Governmental Funds	General Fund	619,130
	Other Governmental Funds	25,761
		<u>644,891</u>
		<u>\$ 3,330,132</u>
<b>Proprietary Funds:</b>		
Internal Service Fund	General Fund	<u>\$ 160,000</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 \$1,768,208 has been presented as an advance as of June 30, 2019.

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2019 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	\$ 1,150,000
	Other Governmental Funds	710,541
		<u>1,860,541</u>
Other Governmental Funds	General Fund	1,810,716
	Other Governmental Funds	334,302
		<u>2,145,018</u>
		<u>\$ 4,005,559</u>
<b>Business Type Activities Funds:</b>		
Water Pollution Control Authority	General Fund	<u>\$ 1,399,790</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, 2019

**NOTE 8 - BOND ANTICIPATION NOTES PAYABLE**

In January 2019, the Town refinanced its previously outstanding bond anticipation notes through the issuance of new bond anticipation notes. The new bond anticipation notes in the amount of \$7,360,000 matured on July 25, 2019. The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until general obligation bonds are issued. As discussed more fully in Note 17, \$6,835,000 of the bond anticipation notes were subsequently retired through proceeds from the issuance of general obligation bonds. As such, this amount has been presented as a long-term liability in the government-wide financial statement of net position and has been recognized as an other financing source in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The following is a summary of terms and changes in short-term debt for the year ended June 30, 2019:

	Interest Rates	Maturity Date	Beginning Balance	Increases	Decreases	Reclassified as Long-term Debt	Ending Balance
<b>Governmental Activities</b>							
Bond anticipation notes payable	1.00%	January 2019	\$ 7,360,000	\$ -	\$ (7,360,000)	\$ -	\$ -
Bond anticipation notes payable	2.75%	July 2019	-	7,360,000	-	(6,835,000)	525,000
			<u>\$ 7,360,000</u>	<u>\$ 7,360,000</u>	<u>\$ (7,360,000)</u>	<u>\$ (6,835,000)</u>	<u>\$ 525,000</u>

**NOTE 9 - LONG-TERM DEBT**

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 17,031,000	\$ -	\$ (3,328,500)	\$ 13,702,500	\$ 1,853,500
Bond anticipation notes	-	6,835,000	-	6,835,000	6,835,000
Unamortized premium	1,548,346	-	(138,324)	1,410,022	-
Total bonds payable	18,579,346	6,835,000	(3,466,824)	21,947,522	8,688,500
Capital leases from direct borrowings	1,247,831	656,940	(697,777)	1,206,994	513,258
	<u>\$ 19,827,177</u>	<u>\$ 7,491,940</u>	<u>\$ (4,164,601)</u>	<u>\$ 23,154,516</u>	<u>\$ 9,201,758</u>
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 3,404,000	\$ -	\$ (361,500)	\$ 3,042,500	\$ 336,500
Notes payable from direct borrowings	17,649,413	-	(1,059,913)	16,589,500	1,081,307
	<u>\$ 21,053,413</u>	<u>\$ -</u>	<u>\$ (1,421,413)</u>	<u>\$ 19,632,000</u>	<u>\$ 1,417,807</u>

Long-term debt 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, 2019

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

**General Obligation Bonds and Notes Payable from Direct Borrowings**

A summary of general obligation bonds and notes payable outstanding at June 30, 2019 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	\$ 797,500
General Obligation Bonds	2008	16,963,000	4.0% - 5.0%	2028	1,000,000
General Obligation Bonds	2010	3,865,000	2.0% - 4.0%	2031	1,970,000
General Obligation Bonds	2017	11,840,000	3.0% - 5.0%	2037	9,935,000
					<u>\$ 13,702,500</u>
<b>Business-type Activities</b>					
Bonds Payable					
General Obligation Bonds	2004	4,630,000	2.0% - 5.0%	2024	\$ 1,157,500
General Obligation Bonds	2017	2,100,000	3.0% - 5.0%	2037	1,885,000
					<u>3,042,500</u>
Notes Payable					
State of Connecticut Clean Water Fund	2013	22,165,429	2.0%	2033	16,589,500
					<u>\$ 19,632,000</u>

Annual debt service requirements to maturity on general obligation bonds and the notes payable from direct borrowings are as follows as of June 30, 2019:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,263,500	268,391	1,531,891
2025-2029	4,765,000	686,171	5,451,171
2030-2034	1,570,000	165,485	1,735,485
2035-2037	375,000	23,906	398,906
	<u>\$ 13,702,500</u>	<u>\$ 2,829,816</u>	<u>\$ 16,532,316</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

**General Obligation Bonds and Notes Payable from Direct Borrowings (Continued)**

Year ending June 30:	Business-type Activities				
	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
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	336,500	56,178	1,171,288	231,933	1,795,899
2025-2029	635,000	168,900	6,220,752	795,349	7,820,001
2030-2034	725,000	65,250	4,739,509	171,766	5,701,525
	<u>\$ 3,042,500</u>	<u>\$ 665,812</u>	<u>\$ 16,589,500</u>	<u>\$ 2,353,979</u>	<u>\$ 22,651,791</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, 2019.

**Capital Leases from Direct Borrowings**

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets acquired through capital leases is as follows as of June 30, 2019:

	<b>Governmental Activities</b>
Equipment	\$ 2,559,999
Less: accumulated amortization	706,916
	<u>\$ 1,853,083</u>

Amortization expense relative to leased property under capital leases totaled \$195,290 for the year ended June 30, 2019 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2019 is as follows:

Year Ending June 30:	<b>Governmental Activities</b>
2020	\$ 541,239
2021	409,549
2022	183,879
2023	116,066
Total minimum lease payments	1,250,733
Less: amount representing interest	43,739
Present value of minimum lease payments	<u>\$ 1,206,994</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 10 - OTHER LONG-TERM LIABILITIES**

Changes in other long-term liabilities for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Other liabilities:					
Compensated absences	\$ 1,087,194	\$ 108,574	\$ (27,624)	\$ 1,168,144	\$ 116,814
Heart and Hypertension	-	162,835	-	162,835	88,758
Net pension liability <i>(see Note 11)</i>	13,871,855	544,607	-	14,416,462	-
Net OPEB liability <i>(see Note 13)</i>	<u>14,812,121</u>	<u>3,126,627</u>	<u>-</u>	<u>17,938,748</u>	<u>-</u>
	<u>\$ 29,771,170</u>	<u>\$ 3,942,643</u>	<u>\$ (27,624)</u>	<u>\$ 33,686,189</u>	<u>\$ 205,572</u>
<b>Business-type Activities</b>					
Other liabilities:					
Net pension liability <i>(see Note 11)</i>	<u>\$ 458,193</u>	<u>\$ -</u>	<u>\$ (12,323)</u>	<u>\$ 445,870</u>	<u>\$ -</u>

Other long-term liabilities are typically liquidated in the General Fund.

**Heart and Hypertension Obligations**

The Town's future obligations for heart and hypertension claims as of June 30, 2019 is estimated to be \$162,835. Currently, the beneficiaries receive weekly benefit payments that are subject to annual COLA adjustments. The total liability increased due to cost of living adjustments, offset by current year payouts. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

**NOTE 11 - 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, 2019:

Retirees and beneficiaries receiving benefits	259
Terminated plan members entitled to but not yet receiving benefits	116
Active plan members	<u>405</u>
	<u>780</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - 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, 2019

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**NOTE 11 - 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, 2019, 100% of the Town Plan's investments were invested in insurance contracts with Principal Financial Group.

*Rate of return* - For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was approximately 6.08%. 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, 2019, were as follows:

Total pension liability	\$ 75,490,214
Plan fiduciary net position	<u>60,627,882</u>
Net pension liability	<u>\$ 14,862,332</u>
Plan fiduciary net position as a percentage of the total pension liability	80.31%



**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 11 - 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, 2019, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2018	\$ 72,201,637	\$ 57,871,589	\$ 14,330,048
<b>Changes for the year:</b>			
Service cost	1,443,401	-	1,443,401
Interest	5,211,085	-	5,211,085
Differences between expected and actual experience	(522,191)	-	(522,191)
Change in assumption	954,811	-	954,811
Contributions - employer	-	2,658,146	(2,658,146)
Contributions - employee	-	336,468	(336,468)
Net investment income	-	3,589,716	(3,589,716)
Benefit payments, including refunds	(3,798,529)	(3,798,529)	-
Administrative expense	-	(29,508)	29,508
<b>Net changes</b>	<u>3,288,577</u>	<u>2,756,293</u>	<u>532,284</u>
Balance as of June 30, 2019	<u>\$ 75,490,214</u>	<u>\$ 60,627,882</u>	<u>\$ 14,862,332</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, 2019, 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	7.20%
Discount rate	7.20%

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - 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, 2019 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	29.60%	27.30%	7.20%
International Equity	14.88%	14.70%	5.25%
Fixed Income	53.51%	50.00%	4.98%
Real Estate / Other	2.01%	8.00%	N/A

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 7.20%. 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 7.20% 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount (7.20%)</u>	<u>1% Increase (8.20%)</u>
Town Plan's net pension liability as of June 30, 2019	\$ 23,525,422	\$ 14,862,332	\$ 7,692,682

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

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

For the year ended June 30, 2019, the Town recognized pension expense related to the Town Plan of \$3,356,138. At June 30, 2019, the Town reported deferred outflows and inflows of resources related to the Town Plan 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	\$ 95,823	\$ (2,044,216)	\$ (1,948,393)
Changes of assumptions and demographics	2,271,474	(318,576)	1,952,898
Difference between projected and actual earnings on plan investments	1,023,187	-	1,023,187
Total	<u>\$ 3,390,484</u>	<u>\$ (2,362,792)</u>	<u>\$ 1,027,692</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,	<u>Amortization Expense</u>
2020	\$ 876,619
2021	(143,088)
2022	96,434
2023	179,652
2024	18,075
	<u>\$ 1,027,692</u>

**Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's defined benefit plans as of and for the year ended June 30, 2019.

	<u>Pension Trust Fund</u>
<b>ASSET</b>	
Investments:	
Insurance contracts	<u>\$ 60,627,882</u>
Total assets	<u>60,627,882</u>
<b>NET POSITION</b>	
Held in trust for pension benefits and other purposes	<u>\$ 60,627,882</u>

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Plan Financial Statements *(Continued)***

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employers	\$ 2,658,146
Plan members	336,468
Total contributions	2,994,614
Investment earnings:	
Net change in the fair value of investments, net of fees	3,589,716
Total investment earnings	3,589,716
Total additions	6,584,330
<b>DEDUCTIONS</b>	
Benefit payments	3,798,529
Administrative expenses	29,508
	3,828,037
Change in net position	2,756,293
Net position - beginning	57,871,589
Net position - ending	\$ 60,627,882

**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. These reports can be obtained from the Connecticut Office of the State Comptroller.

**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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Benefit Provisions *(Continued)***

*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.

**Administrative Expenses**

Administrative costs of the plan are funded by the State.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**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, 2018 based on an actuarial valuation performed as of June 30, 2018. 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, 2018 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, 2019 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2019.

**Allocation Methodology**

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 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 2018, the Town's expected contribution effort for allocation purposes totaled \$8,637,676 or 0.679% 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, 2019.

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, 2018. The portion of the collective pension expense allocated to the Town totaled \$10,030,510.

The total collective net pension liability of participating employers for the TRS was approximately \$13.164 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$89,372,736 or approximately 0.679% of the total collective net pension liability.

**Actuarial Assumptions**

The total pension liability as of June 30, 2018, 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
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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, 2019

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**NOTE 11 - 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%.

**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.

**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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation 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%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investment	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bonds	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100%</u>	

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 11 - 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:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$ 112,950,881	\$ 89,372,736	\$ 69,433,404

**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 12 - 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, 2019, the Town contributed \$45,382 to the fund for awards earned by participants for the fiscal 2018 service year.

**NOTE 13 - 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, 2019

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**NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Plan Membership**

At June 30, 2019, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	97
Active plan members	423
	<u>520</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, 2019 totaled \$17,938,748. The total OPEB liability was measured as of June 30, 2019 using an actuarial valuation performed as of July 1, 2018.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 13 - 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, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.13%
Investment rate of return	4.00%
Projected salary increases	4.50%, includes inflation
Healthcare cost trend rate	5.90% initial 3.84% 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**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2018	\$ 15,591,662	\$ 779,541	\$ 14,812,121
<b>Changes for the year:</b>			
Service cost	700,934	-	700,934
Interest	554,832	-	554,832
Differences between expected and actual experience	3,028,469	-	3,028,469
Change in assumption	(655,280)	-	(655,280)
Contributions - employer	-	490,625	(490,625)
Contributions - employee	-	-	-
Net investment income	-	11,703	(11,703)
Benefit payments, including refunds	(490,625)	(490,625)	-
Administrative expense	-	-	-
<b>Net changes</b>	<b>3,138,330</b>	<b>11,703</b>	<b>3,126,627</b>
Balance as of June 30, 2019	<b>\$ 18,729,992</b>	<b>\$ 791,244</b>	<b>\$ 17,938,748</b>

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 13 - 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 3.62% to 3.13% as of June 30, 2019 measurement date.

*Sensitivity of the net OPEB liability 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:

	<b>1% Decrease (2.13%)</b>	<b>Current Discount (3.13%)</b>	<b>1% Increase (4.13%)</b>
Town's net OPEB liability as of June 30, 2019	\$ 20,394,837	\$ 17,938,748	\$ 15,876,264

*Sensitivity of the net OPEB liability 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:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
Town's net OPEB liability as of June 30, 2019	\$ 15,224,087	\$ 17,938,748	\$ 21,339,316

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,367,667. As of June 30, 2019, the Town reported deferred outflows and inflows of resources related to OPEB 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	\$ 2,791,833	\$ (3,647,080)	\$ (855,247)
Changes of assumptions and demographics	2,771,706	(692,688)	2,079,018
Difference between projected and actual earnings on plan investments	48,848	-	48,848
Total	\$ 5,612,387	\$ (4,339,768)	\$ 1,272,619

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - 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 component of OPEB expense as follows:

Year ended June 30,	<b>Amortization Pension Expense</b>
2020	\$ 143,120
2021	143,121
2022	132,378
2023	128,462
2024	124,558
Thereafter	600,980
	\$ 1,272,619

**Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's defined benefit plans as of and for the year ended June 30, 2019.

	<b>Other Post- Employment Benefits Trust Fund</b>
<b>ASSET</b>	
Cash and cash equivalents	\$ 791,244
Total assets	791,244
<b>NET POSITION</b>	
Held in trust for pension benefits and other purposes	\$ 791,244

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Plan Financial Statements *(Continued)***

	<b>Other Post- Employment Benefits Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employers	\$ -
Plan members	-
Total contributions	-
Investment earnings:	
Interest and dividends	11,703
Total additions	11,703
<b>DEDUCTIONS</b>	
Benefit payments	-
Administrative expenses	-
Change in net position	11,703
Net position - beginning	779,541
Net position - ending	\$ 791,244

**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. These reports can be obtained from the Connecticut Office of the State Comptroller.

**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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Benefit Provisions *(Continued)***

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.

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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**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, 2018 based on an actuarial valuation performed as of June 30, 2018. 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, 2018 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, 2019 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2019.

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, 2018.

**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, 2018.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$239,650 or 0.679% 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, 2019.

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, 2018. The portion of the collective negative OPEB expense allocated to the Town totaled \$(5,935,131).

The total collective net OPEB liability of participating employers for the TRS was approximately \$2.632 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$17,866,169 or approximately 0.679% of the total collective net OPEB liability.

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25%-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB 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.

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. 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, 2018.



**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Discount Rate *(Continued)***

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.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**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, 2018 measurement date, calculated using a discount rate of 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<b>1.00% Decrease (2.87%)</b>	<b>Current Rate (3.87%)</b>	<b>1.00% Increase (4.87%)</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 21,214,751	\$ 17,866,169	\$ 15,193,711

*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, 2018 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	\$ 14,972,398	\$ 17,866,169	\$ 21,707,433

**TOWN OF NEW MILFORD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 14 - 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 2019 deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

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

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2019. 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, 2019 and 2018 are as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2018	\$ 671,208	\$ 12,769,423	\$ 12,665,999	\$ 774,632
2019	774,632	12,535,080	12,549,027	760,685

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, 2019**

**NOTE 15 - FUND BALANCE**

As of June 30, 2019, 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	\$ 1,768,208	\$ -	\$ -	\$ -	\$ 1,768,208
Prepaid expenses	28,222	-	-	-	28,222
Inventories	33,442	-	-	20,246	53,688
	<u>1,829,872</u>	<u>-</u>	<u>-</u>	<u>20,246</u>	<u>1,850,118</u>
Restricted for:					
Health and Welfare:					
Charitable programs	-	-	-	85,483	85,483
Education:					
School lunch program	-	-	-	1,004,689	1,004,689
Education programs	-	-	-	818	818
Capital purposes:					
Enabling legislation	-	11,057,601	-	-	11,057,601
Unspent bond proceeds	-	-	670,039	-	670,039
Grant programs	-	-	-	414,752	414,752
Housing rehabilitation loans	-	-	-	78,928	78,928
	<u>-</u>	<u>11,057,601</u>	<u>670,039</u>	<u>1,584,670</u>	<u>13,312,310</u>
Committed to:					
Public safety	-	-	-	67,600	67,600
Library	-	-	-	2,351,856	2,351,856
Culture and recreation	-	-	-	10,328	10,328
Education	-	-	-	76,885	76,885
Capital purposes	-	-	-	2,062,307	2,062,307
Volunteer fire	335,827	-	-	-	335,827
	<u>335,827</u>	<u>-</u>	<u>-</u>	<u>4,568,976</u>	<u>4,904,803</u>
Assigned to:					
Property tax stabilization	-	1,228,622	-	-	1,228,622
Use in fiscal year 2020:					
Supplemental appropriation	250,000	-	-	-	250,000
Supplemental appropriation - education	200,000	-	-	-	200,000
Supplemental appropriation - capital purposes	196,932	-	-	-	196,932
Carried in force appropriations	1,068,727	-	-	-	1,068,727
Other purposes	301,422	-	-	-	301,422
	<u>2,017,081</u>	<u>1,228,622</u>	<u>-</u>	<u>-</u>	<u>3,245,703</u>
Unassigned					
	20,005,594	-	(2,357,667)	(39,942)	17,607,985
	<u>\$ 24,188,374</u>	<u>\$ 12,286,223</u>	<u>\$ (1,687,628)</u>	<u>\$ 6,133,950</u>	<u>\$ 40,920,919</u>

**Deficit Fund Balances**

The following funds have deficit fund balances as of June 30, 2019, none of which constitutes a violation of statutory provisions:

Fund	Amount
Capital Projects Fund	\$ 1,687,628
Century Brass Clean Up Fund	39,942

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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 16 - 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 17 - SUBSEQUENT EVENT**

In July 2019, the Town issued \$8,835,000 of general obligation bonds. The proceeds from the issuance were used to retire a portion of the previously outstanding bond anticipation notes in the amount \$6,835,000 and to provide new monies for authorized capital projects. The general obligation bonds bear coupon rates ranging from 2.125% to 5.0% and mature in July 2039.

In July 2019, the Town issued \$2,270,000 of general obligation refunding bonds to refund \$900,000 of its 2008 general obligation bonds and \$1,735,000 of its 2010 general obligation bonds. The refunding bonds bear a coupon rate of 5.0% and mature in July 2030.

In July 2019, the Town issued \$11,000,000 of bond anticipation notes, which bear a coupon rate of 1.50% and mature on July 24, 2020. The purpose of the notes is to provide interim financing for authorized road and roof improvements.

**NOTE 18 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

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.

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 18 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)***

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 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 does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF NEW MILFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 81,453,859	\$ 81,453,859	\$ 81,555,312	\$ 101,453
Licenses and permits	541,790	541,790	568,418	26,628
Intergovernmental	13,564,187	13,565,337	13,432,437	(132,900)
Charges for services	3,621,272	3,891,104	3,932,400	41,296
Investment earnings	400,000	400,000	786,826	386,826
Other revenues	100,000	100,000	130,439	30,439
Total revenues	<u>99,681,108</u>	<u>99,952,090</u>	<u>100,405,832</u>	<u>453,742</u>
<b>EXPENDITURES</b>				
Current:				
General government	12,644,698	13,186,647	12,201,647	(985,000)
Public safety	6,525,767	6,877,996	6,870,950	(7,046)
Public works	5,787,830	5,822,889	5,590,565	(232,324)
Health and welfare	2,240,628	2,301,738	2,118,661	(183,077)
Culture and recreation	1,584,784	1,653,441	1,442,979	(210,462)
Education	63,010,586	63,010,586	62,810,587	(199,999)
Debt service:				
Principal payments	4,848,506	4,848,506	4,385,129	(463,377)
Interest and fiscal charges	1,755,709	1,267,709	1,127,179	(140,530)
Capital outlays	2,651,236	2,700,669	2,591,436	(109,233)
Total expenditures	<u>101,049,744</u>	<u>101,670,181</u>	<u>99,139,133</u>	<u>(2,531,048)</u>
Excess (deficiency) of revenues over expenditures	(1,368,636)	(1,718,091)	1,266,699	2,984,790
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	250,000	813,360	-	(813,360)
Premium on issuance of debt	-	-	30,986	30,986
Transfers in	2,138,794	2,138,794	1,538,041	(600,753)
Transfers out	(1,020,158)	(1,234,063)	(1,445,499)	(211,436)
Total other financing sources (uses)	<u>1,368,636</u>	<u>1,718,091</u>	<u>123,528</u>	<u>(1,594,563)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,390,227</u>	<u>\$ 1,390,227</u>

*See accompanying notes to the required supplementary information.*

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>						
Service cost	\$ 1,443,401	\$ 1,432,314	\$ 1,405,712	\$ 1,557,262	\$ 1,462,144	\$ 1,148,927
Interest	5,211,085	5,164,801	4,850,343	4,914,704	4,555,324	4,353,434
Differences between expected and actual experience	(522,191)	(1,127,221)	(1,691,087)	279,655	(328,502)	(327,779)
Changes of assumptions	954,811	728,554	(728,055)	1,066,294	3,620,085	-
Benefit payments, including refunds	(3,798,529)	(3,927,776)	(2,936,720)	(2,984,077)	(2,767,067)	(2,648,260)
Net change in total pension liability	3,288,577	2,270,672	900,193	4,833,838	6,541,984	2,526,322
Total pension liability - beginning	72,201,637	69,930,965	69,030,772	64,196,934	57,654,950	55,128,628
Total pension liability - ending	75,490,214	72,201,637	69,930,965	69,030,772	64,196,934	57,654,950
<b>Plan fiduciary net position</b>						
Contributions - employer	2,658,146	2,712,258	2,746,760	2,327,020	2,466,641	2,198,729
Contributions - members	336,468	315,114	320,558	317,343	292,426	297,706
Net investment income	3,589,716	3,525,752	4,689,567	1,012,365	2,107,491	6,845,411
Benefit payments, including refunds	(3,798,529)	(3,927,776)	(2,936,720)	(2,984,077)	(2,767,067)	(2,648,260)
Administrative expense	(29,508)	(26,930)	(36,090)	(80)	(160)	(21,352)
Net change in plan fiduciary net position	2,756,293	2,598,418	4,784,075	672,571	2,099,331	6,672,234
Plan fiduciary net position - beginning	57,871,589	55,273,171	50,489,096	49,816,525	47,717,194	41,044,960
Plan fiduciary net position - ending	60,627,882	57,871,589	55,273,171	50,489,096	49,816,525	47,717,194
<b>Town's net pension liability</b>	<b>\$ 14,862,332</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	80.31%	80.15%	79.04%	73.14%	77.60%	82.76%
Covered payroll	\$ 19,194,757	\$ 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	77.43%	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 SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,658,146	\$ 2,698,668	\$ 2,746,760	\$ 2,303,221	\$ 2,450,105	\$ 2,348,968
Contributions in relation to the actuarially determined contribution	<u>2,658,146</u>	<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>\$ -</u>	<u>\$ (13,590)</u>	<u>\$ -</u>	<u>\$ (23,799)</u>	<u>\$ (16,536)</u>	<u>\$ 150,239</u>
Covered payroll	\$ 19,194,757	\$ 19,360,207	\$ 18,714,717	\$ 18,793,828	\$ 18,361,947	\$ 18,130,859
Contributions as a percentage of covered payroll	13.85%	14.01%	14.68%	12.38%	13.43%	12.13%
Annual money-weighted rate of return, net of investment expense	6.08%	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 FIVE FISCAL YEARS**  
(Rounded to Nearest Thousand)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.679%	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	89,373,000	79,457,000	83,828,000	77,952,000	72,051,000
Total	<u>\$ 89,373,000</u>	<u>\$ 79,457,000</u>	<u>\$ 83,828,000</u>	<u>\$ 77,952,000</u>	<u>\$ 72,051,000</u>
Town's covered payroll	\$ 28,459,000	\$ 23,478,000	\$ 23,252,000	\$ 30,766,000	\$ 27,540,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	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 THREE FISCAL YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>			
Service cost	\$ 700,934	\$ 563,565	\$ 632,872
Interest	554,832	530,982	452,370
Changes in benefit terms	-	-	-
Differences between expected and actual experience	3,028,469	(128,494)	(4,203,534)
Changes of assumptions	(655,280)	(99,718)	3,297,846
Benefit payments, including refunds	(490,625)	(463,767)	(729,668)
Net change in total OPEB liability	3,138,330	402,568	(550,114)
Total OPEB liability - beginning	15,591,662	15,189,094	15,739,208
Total OPEB liability - ending	18,729,992	15,591,662	15,189,094
<b>Plan fiduciary net position</b>			
Contributions - employer	490,625	563,767	729,668
Contributions - members	-	-	-
Net investment income	11,703	6,907	3,616
Benefit payments, including refunds	(490,625)	(463,767)	(729,668)
Administrative expense	-	-	-
Net change in plan fiduciary net position	11,703	106,907	3,616
Plan fiduciary net position - beginning	779,541	672,634	669,018
Plan fiduciary net position - ending	791,244	779,541	672,634
<b>Town's net OPEB liability</b>	<b>\$ 17,938,748</b>	<b>\$ 14,812,121</b>	<b>\$ 14,516,460</b>
Plan fiduciary net position as a percentage of total OPEB liability	4.22%	5.00%	4.43%
Covered employee payroll	\$ 33,114,584	\$ 27,349,000	\$ 26,171,204
Town's net OPEB liability as a percentage of covered employee payroll	54.17%	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 THREE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,518,443	\$ 1,359,780	\$ 1,394,802
Contributions in relation to the actuarially determined contribution:			
Contributions to trust	-	100,000	-
Contributions by Internal Service Fund	490,625	463,767	729,668
	<u>490,625</u>	<u>563,767</u>	<u>729,668</u>
Contribution deficiency	<u>\$ 1,027,818</u>	<u>\$ 796,013</u>	<u>\$ 665,134</u>
Covered employee payroll	\$ 33,114,584	\$ 27,349,000	\$ 26,171,204
Contributions as a percentage of covered employee payroll	1.48%	2.06%	2.79%
Annual money-weighted rate of return, net of investment expense	1.50%	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 TWO FISCAL YEARS**  
(Rounded to the Nearest Thousand)

	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.679%	0.588%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	17,866,000	20,451,000
Total	<u>\$ 17,866,000</u>	<u>\$ 20,451,000</u>
Town's covered employee payroll	\$ 28,459,000	\$ 23,252,000
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	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, 2019

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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, 2019, the Board of Finance and, where required, Town meetings approved additional appropriations from fund balance of \$1,242,767.
- 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, 2019

**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, 2019:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing</u> <u>Sources (Uses)</u>	<u>Net Change</u> <u>in</u> <u>Fund Balance</u>
Budgetary basis	\$ 100,405,832	\$ 99,139,133	\$ 123,528	\$ 1,390,227
"On-behalf" payments - State Teachers Retirement Fund	8,877,326	8,877,326	-	-
Changes in encumbrances	-	201,059	-	(201,059)
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	833,952	833,952	-	-
Certain items recorded as transfers for budgetary purposes	-	(1,442,507)	(1,442,507)	-
Volunteer Fire Fund	4,286	75,000	-	(70,714)
Noncash capital lease financing activity	-	656,940	656,940	-
GAAP basis	<u>\$ 110,121,396</u>	<u>\$ 108,340,903</u>	<u>\$ (662,039)</u>	<u>\$ 1,118,454</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, 2019. This information is utilized by the Town for reporting as of June 30, 2019.

*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, 2019:

- The discount rate was lowered from 7.35% to 7.20%

**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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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, 2019.

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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

*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 significant assumptions were changed in connection with the most recent valuation:

- the inflation assumption was reduced from 2.75% to 2.50%,
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%
- the payroll growth assumption was reduced from 0.50% to 0.75%, and



**TOWN OF NEW MILFORD, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**NOTE 5 - SCHEDULE OF CHANGES IN NET 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.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2019. This information is utilized by the Town for reporting as of June 30, 2019.

*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 decreased from 3.62% to 3.13%

**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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

*Benefit Changes* - Effective July 1, 2018, the Plan changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

*Assumption Changes* - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2018:

- the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future was updated to better reflect anticipated plan experience.

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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 \$10,000,000 General Obligation Bonds, Issue of 2020, Series A, dated as of July 24, 2020 and \$9,000,000 Bond Anticipation Notes, dated as of July 24, 2020.

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 24, 2020 by the Town of New Milford, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$10,000,000 General Obligation Bonds, Issue of 2020, Series A, dated as of July 24, 2020 (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 14, 2020 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, 2020) 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.

*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 Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

*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 24, 2020 by the Town of New Milford, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$9,000,000 Bond Anticipation Notes, dated as of July 24, 2020 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 – The Bonds***

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**NOTICE OF SALE**  
**\$10,000,000**  
**Town of New Milford, Connecticut**  
**General Obligation Bonds**  
**(BOOK-ENTRY)**

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

**JULY 14, 2020**

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

**\$10,000,000 General Obligation Bonds, Issue of 2020, Series A**  
**Payable annually on July 15 as follows:**

\$530,000 in 2022 through 2026  
\$525,000 in 2027 through 2040

The Bonds will be dated July 24, 2020, with interest payable on January 15, 2021 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.

**Optional Redemption.** Bonds maturing on or before July 15, 2028 are not subject to redemption prior to maturity. Bonds maturing on July 15, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2028, 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 or prices (expressed as a percentage of the principal amount to be redeemed) plus accrued and unpaid interest to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2028 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](mailto: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 of Sale, 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 of Sale. **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 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.

**Basis of Award.** As between proposals which comply with this Notice of Sale, 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 24, 2020, 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 also 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 7, 2020. 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 24, 2020 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 7, 2020

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

*Competitive Sale Requirements Satisfied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$10,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020, 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 14, 2020.

(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: \_\_/\_\_/2020

**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  
\$10,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020, 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: \_\_/\_\_/2020

**Attachment:**

**SCHEDULE A  
SALE PRICES**

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***Appendix D-2***

***Notice of Sale – The Notes***

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**NOTICE OF SALE**  
**\$9,000,000**  
**Town of New Milford, Connecticut**  
**Bond Anticipation Notes**  
**(BOOK-ENTRY)**

TELEPHONE PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of New Milford, Connecticut (the "Town") at the Office of Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut 06460, until **11:00 A.M. Eastern Time on THURSDAY,**

**JULY 14, 2020**

for the purchase of \$9,000,000 Bond Anticipation Notes of the Town of New Milford, dated July 24, 2020, maturing on July 23, 2021 (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.

**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 of Sale, 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 of Sale. **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.

**Basis of Award.** As between proposals which comply with this Notice of Sale, 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 7, 2020. 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 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(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 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 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 24, 2020.

**More Information.** For more information regarding this issue and the Town reference is made to 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 7, 2020

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

*Competitive Sale Requirements Satisfied*

**TOWN OF NEW MILFORD, CONNECTICUT  
\$9,000,000 BOND ANTICIPATION NOTES, DATED JULY 24, 2020**

**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 14, 2020.

(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: \_\_/\_\_/2020

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

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

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

**TOWN OF NEW MILFORD, CONNECTICUT  
\$9,000,000 BOND ANTICIPATION NOTES, DATED JULY 24, 2020**

**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: \_\_/\_\_/2020

**Attachment:**

**SCHEDULE A  
SALE PRICES**

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