



May 7, 2018

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: TOWN OF WOODBURY, CONNECTICUT
\$1,000,000 General Obligation Bond Anticipation Notes**

**Dated: May 24, 2018
Due: February 6, 2019**

**Date of Sale: Wednesday, May 16, 2018
Time of Sale: 11:30 A.M. (Eastern Time)**

As per the Notice of Sale, written proposals for the Notes must be in the form of proposal attached hereto and enclosed in sealed envelopes marked "Proposal for Notes", and addressed to William J. Butterly, First Selectman, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut 06798. Please note that a representative of Phoenix Advisors, LLC will be available by telephone at **(203) 283-1110** until 11:30 A.M. (Eastern Time) on the day of the sale to assist with the completion of written proposals.

The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.

The General Purpose Financial Statements have been excerpted from the Annual Financial Report of the Town of Woodbury, Connecticut as of June 30, 2017. These excerpts are included in this package. Copies of the complete reports for June 30, 2017 are available upon request from Phoenix Advisors, LLC, Attention: Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 283-1110.

We trust we may be of service.

PHOENIX ADVISORS, LLC



BAN Sale Term Sheet

\$1,000,000

Town of Woodbury, Connecticut General Obligation Bond Anticipation Notes

Date of Sale:	Wednesday, May 16, 2018 at 11:30 A.M. (Eastern Time).
Location of Sale:	First Selectman's Office, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut 06798.
Issuer:	Town of Woodbury, Connecticut (the "Town").
Issue:	\$1,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	May 24, 2018
Principal and Interest Due:	At maturity on February 6, 2019
Purpose:	The Notes are being issued to finance various capital projects.
Denominations:	In minimum denominations of \$100,000 or multiples thereof.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	No application for a rating on this Note issue has been made to any credit rating agency. The Town has an outstanding bond rating of "Aa2" from Moody's Investors Service.
Basis of Award:	Lowest Net Interest Cost (NIC), as of dated date.
Form of Legal Opinion and Tax Exemption:	See "Appendix – Opinion of Bond Counsel and Tax Status" attached.
Bank Qualification:	The Notes shall 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 for interest expense allocable to the Notes.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S Bank National Association of Hartford, Connecticut, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Option for No Book Entry:	A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See "Option for No Book Entry" in the Notice of Sale.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor to the Town, Mr. Barry J. Bernabe, Managing Director, telephone: (203) 283-1110, email: bbernabe@muniadvisors.com
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about May 24, 2018. Delivery of the Notes will be made against payment in immediately available Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Manuel Gomes, Fiscal Officer, Town Office Building, 281 Main Street South, Woodbury, Connecticut 06798, Telephone: (203) 263-2449.

NOTICE OF SALE
\$1,000,000
Town of Woodbury, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

SEALED PROPOSALS will be received by the Town of Woodbury, Connecticut, at the Office of the First Selectman, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut until **11:30 A.M. Eastern Time on WEDNESDAY,**

MAY 16, 2018

for the purchase of \$1,000,000 Bond Anticipation Notes of the Town of Woodbury, dated May 24, 2018, maturing on February 6, 2019 (the "Notes").

The Town will designate the Notes as "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.

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 \$100,000 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.

Option For No Book Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity

pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Town any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated.

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 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.

All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Woodbury Notes." All proposals should be addressed to Mr. William J. Butterly, Jr., First Selectman, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut 06798.

Basis of Award. As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

Certifying and Paying Agent. Unless the successful bidder on the Notes is designated as the Certifying Agent, Registrar and Paying Agent for the Notes as provided in "Option For No Book Entry" above, 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; (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; and (c) 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, other than a bidder purchasing the Notes 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 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 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:

- (i) "Public" means any person other than an Underwriter or a Related Party,
- (ii) "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),
- (iii) 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
- (iv) "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, however, for tax years beginning prior to January 1, 2018, interest on the Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; and the Notes are "qualified tax-exempt obligations"; 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.

Municipal Advisor. The Town of Woodbury 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.

No Continuing Disclosure or Official Statement. Since the Notes mature not more than nine months from the date of issue and are in denominations of \$100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Town will not provide an official statement nor enter into a Continuing Disclosure Agreement with respect to the 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 purchaser to apply for CUSIP numbers for the Notes prior to delivery. 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 Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for 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 May 24, 2018.

More Information. For more information regarding this issue and the Town reference is made to the Town’s financial statements. Proposal forms and copies of the Town’s financial statements 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. Manuel I. Gomes, Treasurer, Town of Woodbury, Town Office Building, 281 Main Street South, Woodbury, Connecticut 06798 (telephone: (203) 263-2449).

WILLIAM J. BUTTERLY, JR.,
First Selectman

MANUEL I. GOMES,
Treasurer

May 7, 2018

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

Competitive Sale Requirements Satisfied

**TOWN OF WOODBURY, CONNECTICUT
\$1,000,000 BOND ANTICIPATION NOTES, DATED MAY 24, 2018**

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 May 16, 2018.

(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 Woodbury, 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: _____

___/___/2018

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 WOODBURY, CONNECTICUT
\$1,000,000 BOND ANTICIPATION NOTES, DATED MAY 24, 2018**

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 Woodbury, 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: __/__/2018

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

PROPOSAL FOR NOTES

May 16, 2018

Mr. William J. Butterly, Jr.
First Selectman
Woodbury Town Hall
281 Main Street South
Woodbury, Connecticut 06798

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated May 7, 2018 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$1,000,000 Bond Anticipation Notes of the Town of Woodbury, dated May 24, 2018, maturing February 6, 2019, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

Name of Bidder: _____
Address of Bidder: _____
Signature of Officer or
Authorized Agent of Bidder: _____
Telephone Number: _____

☐ We request that the Notes not be issued in book-entry form, but be registered in the name of the bidder, as provided in the Notice of Sale.

☐ **Only if submitting request that Notes not be issued in book-entry form:** We request to be designated as the Certifying Agent, Registrar and Paying Agent for the Notes, as provided in the Notice of Sale.

TOWN OF WOODBURY, CONNECTICUT
\$1,000,000 BOND ANTICIPATION NOTES
DATED MAY 24, 2018; MATURING FEBRUARY 6, 2019
APPENDIX - OPINION OF BOND COUNSEL AND TAX STATUS

The following information has been prepared by Bond Counsel in connection with this note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in any information distributed in connection with the note issue (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 Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Woodbury
Woodbury, Connecticut

We have represented the Town of Woodbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$1,000,000 Bond Anticipation Notes, dated as of May 24, 2018.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Woodbury is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the 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 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 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 Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the 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 Notes will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Notes are designated or deemed designated as "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.

Based on such representations and agreements and on the record of proceedings authorizing the 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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) 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, however, for tax years beginning prior to January 1, 2018, interest on the Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; and (3) the Notes are "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.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) 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.

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 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 Notes. Failure to comply with any of these requirements may cause the interest on the 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 Notes will enter into a Tax Compliance Agreement in connection with the delivery of the 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 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 and, for tax years beginning prior to January 1, 2018, an alternative minimum tax on corporations. The alternative minimum tax on corporations has been repealed for tax years beginning after December 31, 2017. 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 Notes are not "private activity bonds" so that interest on the Notes will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

For tax years beginning prior to January 1, 2018, the Code provides, however, that for certain corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

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 Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes will 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 Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the 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 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 Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) 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.

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the 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 PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the 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 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 Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the 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 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 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 Notes. Prospective owners of the 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 Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

[Remainder of page intentionally left blank]

TOWN OF WOODBURY, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Annual Financial Statements of
The Town of Woodbury, Connecticut
Year Ended June 30, 2017

Independent Auditor's Report

**The Board of Finance
Town of Woodbury, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Woodbury, Connecticut, as of and for the year ended June 30, 2017, 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 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, each major fund and the aggregate remaining fund information of the Town of Woodbury, Connecticut, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 6 through 13 and pages 52 through 58, respectively, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodbury, Connecticut's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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 supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and trend information sections have 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*

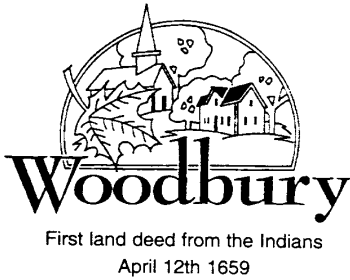
In accordance with *Government Auditing Standards*, we have also issued our report dated October 31 2017, on our consideration of the Town of Woodbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Woodbury, Connecticut's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
October 31, 2017

TOWN OF WOODBURY

281 Main Street South
Woodbury, Connecticut 06798



TELEPHONE: (203) 263-2141
FAX: (203) 263-4755

Management's Discussion and Analysis Year Ended June 30, 2017

As management of the Town of Woodbury, we offer readers of the Town of Woodbury's financial statements this narrative overview and analysis of the financial activities of the Town of Woodbury for the fiscal year ended June 30, 2017.

Financial Highlights

- During the fiscal year, the Town implemented GASB 74 and 75 related to other post-employment obligations (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2016 to record the net OPEB liability of \$8,653,785. The current year OPEB expense was \$510,183 and the net pension liability at year end was \$8,970,175.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$11,520,975 (*net position*). Of this amount, the *unrestricted net position* was a deficit of (\$5,222,563).
- The Town's total net position increased by \$866,682. The increase is due to capital asset purchases in excess of depreciation expense (for open space) offset by debt issued for the open space purchase and expenses for other post-employment benefits (OPEB) and pension.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,744,844, an increase of \$99,612 in comparison with the prior year. This increase is a result of the positive operations in the general fund of \$1,227,531 off set by the net expenditure activity in the bonded projects fund of \$1,181,832. \$4,418,481 of the total fund balance is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$4,326,363.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,326,363, an increase of \$441,755 in comparison with the prior year. This unassigned fund balance represents 13.3% of total budgetary general fund expenditures and transfers out.

Overview of the Basic Financial Statements

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

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

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

You will need to consider other nonfinancial factors; however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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 occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, parks and recreation, library and education.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. The Town establishes funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental 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 a 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.

Management's Discussion and Analysis (continued)

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 and bonded projects fund, both 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 in Schedules 6 and 7 of this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits G and H). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining statements and schedules can be found in Schedules 6 and 7 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased by 8.14% from a year ago – increasing from \$10,654,293 (as restated) to \$11,520,975.

By far the largest portion of net position of the Town reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, equipment and vehicles and infrastructure), 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.

Summary Statement of Net Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u> (As restated)
Current and other assets	\$ 11,675,169	\$ 11,400,619
Capital assets (net)	<u>23,474,431</u>	<u>20,792,375</u>
Total assets	<u>35,149,600</u>	<u>32,192,994</u>
Deferred outflows of resources	<u>915,495</u>	<u>1,256,545</u>
Other liabilities outstanding	1,692,010	1,134,204
Long-term liabilities outstanding	<u>22,174,593</u>	<u>21,134,312</u>
Total liabilities	<u>23,866,603</u>	<u>22,268,516</u>
Deferred inflows of resources	<u>677,517</u>	<u>528,730</u>
Net position:		
Net investment in capital assets	15,330,894	16,510,904
Restricted	1,412,644	1,299,304
Unrestricted	<u>(5,222,563)</u>	<u>(7,157,915)</u>
Total net position	<u><u>\$ 11,520,975</u></u>	<u><u>\$ 10,652,293</u></u>

A portion of the Town's net position \$1,412,644 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$5,222,563.

Governmental activities. Governmental activities increased the Town's net position by \$866,682. Key elements of this decrease are as follows:

Statement of Changes in Net Position		
For the Years Ended June 30, 2017 and 2016		
	<u>2017</u>	<u>2016</u> (As restated)
Revenues:		
Program revenues:		
Charges for services	\$ 1,599,828	\$ 1,351,590
Operating grants and contributions	1,794,438	1,271,369
Capital grants and contributions	1,902,526	834,265
General revenues:		
Property taxes	30,225,041	29,997,806
Grants and contributions not restricted to specific programs	9,749	4,175
Investment income	153,571	83,447
Miscellaneous	45,000	49,290
	<u>35,730,153</u>	<u>33,591,942</u>
Total revenues		
Expenses:		
General government	2,712,135	2,655,384
Public safety	3,552,465	3,379,832
Public works	3,529,540	3,372,856
Health and welfare	286,226	273,007
Parks and recreation	600,040	574,077
Library	1,059,445	932,869
Education	22,965,942	22,479,871
Interest expense	157,678	109,281
	<u>34,863,471</u>	<u>33,777,177</u>
Total expenses		
Change in net position	866,682	(185,235)
Net position - July 1	<u>10,654,293</u>	<u>10,837,528</u>
Net position - June 30	<u>\$ 11,520,975</u>	<u>\$ 10,652,293</u>

- The \$523,069 increase in operating grants and contributions was substantially due to a the municipal revenue sharing grant of \$200,715 received during the year.
- The \$1,068,261 increase in capital grants and contributions was due to the \$1,500,000 grant received for the purchase of open space offset by the STEAP and LOCIP grant received in the prior fiscal year totaling \$456,961.

- Public safety expenses increased by \$172,633, substantially due to the increase in the amount of special duty activity as compared to the prior year.
- Education expenses increased by \$486,071, due to increase in Regional School District budget and therefore the related assessment to the Town of their portion of the education costs.

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 a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,744,844. \$4,418,481 is not available for new spending because it has already been classified as 1) nonspendable as endowments of the permanent trust funds (\$294,632), 2) restricted (\$1,118,012), 3) committed (\$1,815,837) and 4) assigned (\$1,190,000).

The total fund balance increased by \$99,612 to \$8,744,844. This increase is a result of the positive operations in the general fund of \$1,227,531 off set by the net expenditure activity in the bonded projects fund of \$1,181,832.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,326,363. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.3% of total general fund budgetary expenditures and transfers out.

Bonded Projects Fund. This fund accounts for financial resources to be used for bond funded capital projects. The bonded projects fund had capital outlay expenditures of \$4,093,544, which were largely for road construction, land purchase and capital equipment projects. A portion of these expenditures are funded with a state grant of \$1,500,000 for the open space purchase with the remaining projects being funded by the issuance of long-term debt.

General Fund Budgetary Highlights

There were no additional appropriations approved during the fiscal year.

There were budget transfers from contingency totaling \$98,059. The transfers were used to fund items such as repairs and maintenance, library, and equipment.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets amounts to \$23,474,431 (net of accumulated depreciation). This investment in capital assets includes land, collections, buildings and improvements, machinery, equipment and vehicles, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$2,682,056 (12.9%). This increase is due to a major land purchase. Only those assets which cost \$5,000 or more with a useful life exceeding two years are capitalized. Assets costing less than \$5,000 are expensed.

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

- Purchase of Aquarion Reservoir Property (\$2,850,000)
- New vehicles and equipment included a truck (\$106,888), dump truck (\$221,861) and brush truck (\$121,289)
- Building improvements for the ESB roof (\$219,499)

**Capital Assets
(Net of Accumulated Depreciation)**

	<u>2017</u>	<u>2016</u>
Land	\$ 8,633,350	\$ 5,783,350
Construction in progress	202,849	565,607
Collections	33,900	33,900
Buildings and improvements	6,581,731	6,555,842
Machinery, equipment and vehicles	3,872,385	3,710,786
Infrastructure	<u>4,150,216</u>	<u>4,142,890</u>
Total	<u>\$ 23,474,431</u>	<u>\$ 20,792,375</u>

Additional information on the Town's capital assets can be found in Note III. C.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$7,895,000. All debt is backed by the full faith and credit of the Town.

	Outstanding Debt Long - Term Obligations	
	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 7,895,000	\$ 3,895,000
Bond anticipation notes	<u>-</u>	<u>2,835,000</u>
Total	<u>\$ 7,895,000</u>	<u>\$ 6,730,000</u>

The increase in the bonds payable is due to the bonds issued during the for the land purchase.

The Town maintains an "Aa2" rating from Moody's Investor Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including tax collections from Woodlake Tax District. The current debt limitation for the Town is \$222,411,021, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III. F.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the State is currently 5.0%, which is a decrease from a rate of 5.8% a year ago. This is higher than the national average of 4.4%. The Town's unemployment rate was 3.1%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2018 fiscal year.

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 financial information should be addressed to the Fiscal Office, Town of Woodbury, 281 Main Street South, Woodbury, CT 06798.

Basic Financial Statements

Town of Woodbury, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

<u>Assets</u>	
Current assets:	
Cash	\$ 8,496,917
Investments	147,559
Receivables:	
Property taxes	622,648
Other	92,808
Total current assets	9,359,932
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	183,495
Investments	437,208
Permanently restricted:	
Investments	294,632
Total restricted assets	915,335
Receivables (net):	
Property taxes	1,399,902
Capital assets (net of accumulated depreciation):	
Land	8,633,350
Construction in progress	202,849
Collections	33,900
Buildings and improvements	6,581,731
Machinery, equipment and vehicles	3,872,385
Infrastructure	4,150,216
Total capital assets (net of accumulated depreciation)	23,474,431
Total noncurrent assets	25,789,668
Total assets	35,149,600
<u>Deferred outflows of resources</u>	
Deferred outflows related to pension	879,495
Deferred charges on refunding	36,000
Total deferred outflows of resources	915,495

(Continued)

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

Town of Woodbury, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 695,991
Accrued payroll	84,853
Accrued interest payable	25,673
Performance bonds	181,790
Bonds and notes payable	650,000
Compensated absences	53,703
	<hr/>
Total current liabilities	1,692,010
	<hr/>

Noncurrent liabilities:

Bonds, notes and related liability	7,493,537
Compensated absences	214,814
Net pension liability	5,496,067
Net OPEB obligation	8,970,175
	<hr/>
Total noncurrent liabilities	22,174,593
	<hr/>

Total liabilities	23,866,603
	<hr/>

Deferred Inflows of Resources

Deferred inflow related to pension	677,517
	<hr/>

Net Position

Net investment in capital assets	15,330,894
Restricted for:	
Endowments:	
Nonexpendable	294,632
Expendable	437,208
General government	12,882
Public safety	99,518
Public works	132,156
Health and welfare	93,652
Parks and recreation	288,539
Library	54,057
Unrestricted	(5,222,563)
	<hr/>
Total net position	\$ 11,520,975
	<hr/>

(Concluded)

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

Town of Woodbury, Connecticut

Statement of Activities
Governmental Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,712,135	\$ 378,320	\$ 362,527	\$ -	\$ (1,971,288)
Public safety	3,552,465	864,260	1,597	-	(2,686,608)
Public works	3,529,540	134,848	-	1,902,526	(1,492,166)
Health and welfare	286,226	25,722	50,202	-	(210,302)
Parks and recreation	600,040	189,247	84,077	-	(326,716)
Library	1,059,445	7,431	19,224	-	(1,032,790)
Education	22,965,942	-	1,276,811	-	(21,689,131)
Interest expense	157,678	-	-	-	(157,678)
Total	<u>\$ 34,863,471</u>	<u>\$ 1,599,828</u>	<u>\$ 1,794,438</u>	<u>\$ 1,902,526</u>	<u>\$ (29,566,679)</u>
General revenues:					
Property taxes					\$ 30,225,041
Grants and contributions not restricted to specific programs					9,749
Investment income					153,571
Miscellaneous					45,000
Total general revenues					<u>30,433,361</u>
Change in net position					866,682
Net position - July 1, 2016 (as restated)					<u>10,654,293</u>
Net position - June 30, 2017					<u>\$ 11,520,975</u>

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

Town of Woodbury, Connecticut

Balance Sheet
Governmental Funds
June 30, 2017

	General	Bonded Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 7,489,313	\$ 605,861	\$ 401,743	\$ 8,496,917
Restricted cash	181,790	-	1,705	183,495
Investments	36,255	-	843,144	879,399
Due from other funds	-	796,933	510,947	1,307,880
Receivables:				
Property taxes	1,475,540	-	-	1,475,540
Other	92,808	-	-	92,808
Total assets	<u>\$ 9,275,706</u>	<u>\$ 1,402,794</u>	<u>\$ 1,757,539</u>	<u>\$ 12,436,039</u>
<u>Liabilities</u>				
Accounts payable	\$ 695,547	\$ -	\$ 444	\$ 695,991
Accrued payroll	84,853	-	-	84,853
Due to other funds	1,276,472	-	31,408	1,307,880
Performance bonds	181,790	-	-	181,790
Total liabilities	<u>2,238,662</u>	<u>-</u>	<u>31,852</u>	<u>2,270,514</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	<u>1,420,681</u>	<u>-</u>	<u>-</u>	<u>1,420,681</u>
<u>Fund Balances</u>				
Nonspendable	-	-	294,632	294,632
Restricted	-	-	1,118,012	1,118,012
Committed	100,000	1,402,794	313,043	1,815,837
Assigned	1,190,000	-	-	1,190,000
Unassigned	4,326,363	-	-	4,326,363
Total fund balances	<u>5,616,363</u>	<u>1,402,794</u>	<u>1,725,687</u>	<u>8,744,844</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,275,706</u>	<u>\$ 1,402,794</u>	<u>\$ 1,757,539</u>	<u>\$ 12,436,039</u>

(Continued)

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

Town of Woodbury, Connecticut

**Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2017**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1)	\$ 8,744,844
--	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	20,792,375
Current year additions (net of construction in progress)	3,886,879
Depreciation expense	(1,156,102)
Disposal of assets	(48,721)

Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:

Property tax interest and lien accrual	684,010
Allowance for doubtful accounts	(137,000)
Deferred charges on refunding	36,000
Deferred outflows related to pension	879,495

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

Property tax - accrual basis change	1,420,681
-------------------------------------	-----------

Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(7,895,000)
Bond premium	(248,537)
Compensated absences	(268,517)
Net pension liability	(5,496,067)
Net OPEB liability	(8,970,175)
Accrued interest payable	(25,673)
Deferred inflow related to pension	(677,517)

Net position of governmental activities	<u>\$ 11,520,975</u>
---	----------------------

(Concluded)

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

Town of Woodbury, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u>	<u>Bonded Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 30,374,812	\$ -	\$ -	\$ 30,374,812
Intergovernmental	1,920,535	1,550,128	77,764	3,548,427
Charges for services	631,164	-	968,664	1,599,828
Contributions		-	158,286	158,286
Income from investments	48,614	-	39,399	88,013
Net change in fair value of investments		-	65,558	65,558
Other	44,950	-	50	45,000
Total revenues	<u>33,020,075</u>	<u>1,550,128</u>	<u>1,309,721</u>	<u>35,879,924</u>
Expenditures:				
Current:				
General government	1,670,156	-	162,180	1,832,336
Public safety	1,691,176	-	862,547	2,553,723
Public works	1,978,529	-	20,170	1,998,699
Health and welfare	108,664	-	68,530	177,194
Parks and recreation	396,234	-	51,354	447,588
Library	669,347	-	75,977	745,324
Education	22,867,071	-	-	22,867,071
Fringe benefits	1,886,171	-	-	1,886,171
Other	174,340	-	-	174,340
Debt service	514,988	58,792	-	573,780
Capital outlay	97,927	4,093,544	21,050	4,212,521
Total expenditures	<u>32,054,603</u>	<u>4,152,336</u>	<u>1,261,808</u>	<u>37,468,747</u>
Excess (deficiency) of revenues over expenditures	<u>965,472</u>	<u>(2,602,208)</u>	<u>47,913</u>	<u>(1,588,823)</u>
Other financing sources (uses):				
Issuance of debt	-	1,515,000	-	1,515,000
Refunding bond proceeds	-	1,435,000	-	1,435,000
Payment to escrow	-	(1,422,181)	-	(1,422,181)
Premiums	18,059	142,557	-	160,616
Transfers in	300,000	50,000	349,958	699,958
Transfers out	(56,000)	(300,000)	(343,958)	(699,958)
Net other financing sources (uses)	<u>262,059</u>	<u>1,420,376</u>	<u>6,000</u>	<u>1,688,435</u>
Net change in fund balances	1,227,531	(1,181,832)	53,913	99,612
Fund balances - July 1, 2016	<u>4,388,832</u>	<u>2,584,626</u>	<u>1,671,774</u>	<u>8,645,232</u>
Fund balances - June 30, 2017	<u>\$ 5,616,363</u>	<u>\$ 1,402,794</u>	<u>\$ 1,725,687</u>	<u>\$ 8,744,844</u>

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

Town of Woodbury, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 99,612
--	-----------

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

Capital outlay	3,886,879
Depreciation expense	<u>(1,156,102)</u>
Total	<u>2,730,777</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Loss on disposal of assets	<u>(48,721)</u>
----------------------------	-----------------

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

Change in property tax - accrual basis change	(78,824)
Change in property tax interest and lien revenue	<u>(70,947)</u>
Total	<u>(149,771)</u>

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

Debt issued or incurred:	
Issuance of general obligation bonds	(1,515,000)
Issuance of refunding bonds	(1,435,000)
Bond premium (net)	(143,737)
Deferred charge	36,000
Principal repayments:	
General obligation bonds	390,000
Refunded bonds	1,395,000
Capital leases	<u>31,297</u>
Total	<u>(1,241,440)</u>

(Continued)

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

Town of Woodbury, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2017

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

Compensated absences	\$ (23,994)
Pension expense	(183,795)
OPEB expense	(316,390)
Accrued interest payable	<u>404</u>
Total	<u>(523,775)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 866,682</u>
	(Concluded)

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

Town of Woodbury, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 30,015,329	\$ 30,015,329	\$ 30,374,812	\$ 359,483
Intergovernmental revenues	1,986,028	1,986,028	1,920,535	(65,493)
Charges for services	504,875	504,875	631,164	126,289
Income from investments	21,500	21,500	48,614	27,114
Other	35,000	35,000	44,950	9,950
Total revenues	<u>32,562,732</u>	<u>32,562,732</u>	<u>33,020,075</u>	<u>457,343</u>
Expenditures:				
Current:				
General government	1,703,968	1,788,435	1,663,618	124,817
Public safety	1,765,252	1,767,729	1,691,875	75,854
Public works	1,942,949	1,968,568	1,857,922	110,646
Health and welfare	121,748	123,210	108,664	14,546
Parks and recreation	405,830	409,144	390,544	18,600
Library	638,627	676,921	642,998	33,923
Education	22,886,364	22,886,364	22,867,071	19,293
Fringe benefits	1,945,678	1,931,402	1,886,171	45,231
Other expenditures	232,383	174,809	174,340	469
Contingency	100,000	1,941	-	1,941
Debt service	500,713	514,989	514,988	1
Capital appropriations	98,220	98,220	97,927	293
Total expenditures	<u>32,341,732</u>	<u>32,341,732</u>	<u>31,896,118</u>	<u>445,614</u>
Excess (deficiency) of revenues over expenditures	<u>221,000</u>	<u>221,000</u>	<u>1,123,957</u>	<u>902,957</u>
Other financing sources (uses):				
Appropriation of fund balance	325,000	325,000	-	(325,000)
Premium on BANs	-	-	18,059	18,059
Transfers out	(546,000)	(546,000)	(546,000)	-
Net other financing sources (uses)	<u>(221,000)</u>	<u>(221,000)</u>	<u>(527,941)</u>	<u>(306,941)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	596,016	<u>\$ 596,016</u>
Fund balance - July 1, 2016			<u>4,230,347</u>	
Fund balance - June 30, 2017			<u>\$ 4,826,363</u>	

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

Town of Woodbury, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust Fund	Private- Purpose Trust Funds
	<hr/>	<hr/>
<u>Assets</u>		
Investments:		
Mutual funds:		
Equity	\$ 3,768,936	\$ 165,340
Money market	179,440	-
Bond	<u>2,336,767</u>	<u>-</u>
Total investments	<u>6,285,143</u>	<u>165,340</u>
Total assets	<u>6,285,143</u>	<u>165,340</u>
<u>Net Position</u>		
Net position held in trust for pension benefits and other purposes	<u>\$ 6,285,143</u>	<u>\$ 165,340</u>

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

Town of Woodbury, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Pension Trust Fund	Private- Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 575,000	\$ -
Employees	47,654	-
	<u>622,654</u>	<u>-</u>
Total contributions	<u>622,654</u>	<u>-</u>
Investment income (loss):		
Net change in fair value of investments	578,150	12,500
Interest and dividends	111,414	4,300
	<u>689,564</u>	<u>16,800</u>
Total investment income (loss)	<u>689,564</u>	<u>16,800</u>
Investment expenses	(24,298)	-
	<u>665,266</u>	<u>16,800</u>
Net investment income (loss)	<u>665,266</u>	<u>16,800</u>
Total additions	<u>1,287,920</u>	<u>16,800</u>
Deductions:		
Benefits, including refunds of member contributions	580,823	-
Awards	-	450
	<u>580,823</u>	<u>450</u>
Total deductions	<u>580,823</u>	<u>450</u>
Change in net position	707,097	16,350
Net position - July 1, 2016	<u>5,578,046</u>	<u>148,990</u>
Net position - June 30, 2017	<u><u>\$ 6,285,143</u></u>	<u><u>\$ 165,340</u></u>

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

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****History and organization**

The Town of Woodbury, Connecticut (the "Town") operates under a local charter effective December 3, 2015. The legislative power of the Town is vested in a Board of Selectmen, Town Meeting and Board of Finance. The Town provides the following services: General Government, Public Safety, Public Works, Health and Welfare, Parks and Recreation and Library.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

B. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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. Tax revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year 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 claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation**

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The Bonded Projects Fund accounts for resources to be used for capital projects.

Additionally, the Town reports the following fund types:

The Pension Trust Fund accounts for the activities of the Town Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals and private organizations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Woodbury pension plan have been determined on the same basis as they are reported by the Town of Woodbury pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Deposits and investments**

Deposits - The Town considers cash as cash on hand, demand deposits and money market accounts.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Allowable investments under the pension fund's investment policy consist of marketable equity and fixed income securities conforming to investment guidelines that include mutual funds, exchange traded funds or other comingled investment vehicles that invest in such securities. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 5% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. Woodbury's Town Retirement and Pension Board are responsible for overall investment policy. Any change in investment manager must have their approval.

Investments for the Town are reported at fair value. The State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and payables**a. Interfunds**

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).

b. Property taxes and other receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 3% to 15% percent of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within 60 days of June 30, have been recorded as deferred inflows of resources since they are not considered to be available to finance expenditures of the current year. Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

3. Restricted assets

The restricted assets of the Town are restricted for performance bonds and endowment purposes determined by the donor requests.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has chosen to capitalize collections consisting primarily of art. The collections are not being depreciated as they are considered inexhaustible works of art.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50-75
Building improvements	10-40
Machinery, equipment and vehicles	5-20
Infrastructure	10-25

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pension for differences between expected and actual experience, changes in assumptions, and return on investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow related to pensions for the impact of the change in actuarial assumptions. The Town also reports a deferred charge on refunding which results from the difference in the carrying value of the refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

For governmental funds, the Town reports unavailable revenue which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from several sources: property taxes, grants, user charges and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****6. 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. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. Compensated absences

Employees accumulate, by prescribed formula, vacation, sick and personal days for subsequent use or for payment upon termination or retirement. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources; for example, as a result of employee resignations and retirements.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

9. Fund equity and net position

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes is excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Town, which is not restricted.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action by the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded through resolutions approved by Town Meeting, Board of Finance or contractual obligations.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or by a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Board of Selectmen or Board of Finance has provided otherwise in its commitment or assignment actions.

The Town adopted a minimum fund balance policy for the general fund. The policy requires the Board of Finance to prepare annual budgets that provide for the unassigned fund balance to be approximately 10% of the total operating general fund expenditures.

The Board of Finance approved the creation of a mil rate stabilization fund to be used to for capital outlay or for debt service as determined necessary by the Board. Additions to the fund would be approved annually by the Board of Finance or Town Meeting in accordance with the Town Charter.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****10. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to the annual Town Meeting at which taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the proposed budget is submitted for approval to vote by voting machine. This process is repeated until the annual budget is approved.
- Each office, board or commission may, subject to the approval of the First Selectman, transfer budgeted amounts within departments not to exceed \$5,000. Transfers of budgeted amounts between departments greater than \$5,000 must be approved by the Board of Finance.
- The Board of Finance can approve additional appropriations for a department, provided such additional appropriations do not exceed the greater of \$20,000 or 5% of the total department budget. Appropriations in excess of the above budget must be approved by vote of a Town Meeting. There were no additional appropriations during the fiscal year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- 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. Generally, aside from the capital projects funds, all unencumbered appropriations lapse at year end. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

B. Budget to GAAP reconciliation

The difference between the fund balance amount reported on Exhibit C of \$5,616,363 and the amount reported on Exhibit F of \$4,826,363 are the amounts accounted for assigned the mil rate stabilization fund of \$690,000 and the amount committed for OPEB of \$100,000.

C. Donor-restricted endowments

The Town has received certain endowments for the public library. The amounts are reflected in fund balance as restricted for permanent funds. Investment income (including appreciation) is approved for expenditure by the Library Board. At June 30, 2017, the amount of appreciation included in restricted fund balance for the library funds totaled \$251,732.

D. Capital project authorizations

The following is a summary of certain capital projects:

<u>Capital Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Appropriations continued in force	\$ 246,928	\$ 246,928	\$ -
Road projects	3,605,000	1,055,418	2,549,582
Capital equipment projects	2,065,000	966,671	1,098,329
Purchase of land	2,900,000	2,900,000	-
Emergency services building	<u>255,000</u>	<u>206,799</u>	<u>48,201</u>
	<u>\$ 9,071,928</u>	<u>\$ 5,375,816</u>	<u>\$ 3,696,112</u>

III. Detailed Notes**A. Cash and investments**

Deposits - Custodial Credit Risk - Custodial credit risk is risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year end, \$1,304,998 of the Town's bank balance of \$8,837,319 (including certificates of deposit and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 916,248
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>388,750</u>
Total amount subject to custodial credit risk	<u>\$ 1,304,998</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

The Town's investments (including restricted investments) consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

III. Detailed Notes**A. Cash and investments**

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>N/A</u>	<u>Less Than 1</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Mutual funds:					
Equity	\$ 4,213,849	\$ 4,213,849	\$ -	\$ -	\$ -
Money market	321,160	-	321,160	-	-
Bond	2,500,880	-	58,673	52,643	2,389,564
Pooled fixed income	36,255	-	36,255	-	-
Common stock	<u>257,738</u>	<u>257,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,329,882</u>	<u>\$ 4,471,587</u>	<u>\$ 416,088</u>	<u>\$ 52,643</u>	<u>\$ 2,389,564</u>

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

The Town had the following recurring fair value measurements:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Quoted Market Prices in Active Markets</u>	<u>Significant Observable Inputs</u>	<u>Significant Unobservable Inputs</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Mutual Funds</u>				
Money market mutual funds	\$ 321,160	\$ 321,160	\$ -	\$ -
Equity mutual funds	4,213,849	4,213,849	-	-
Bond mutual funds	2,500,880	2,500,880	-	-
Common stock	<u>257,738</u>	<u>257,738</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	7,293,627	<u>\$ 7,293,627</u>	<u>\$ -</u>	<u>\$ -</u>

Other Investments

Pooled fixed income	<u>36,255</u>
Total Investments	<u>\$ 7,329,882</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

III. Detailed Notes**A. Cash and investments**

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of 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. Operating funds should primarily be invested in short-term securities, money market mutual funds or similar investment pools.

Credit risk - The Town's policy states that credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the State of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

<u>Average Rating</u>	<u>Pooled Fixed Income</u>	<u>Bond Mutual Funds</u>	<u>Money Market Mutual Funds</u>
AAA	\$ 36,255	\$ 1,220,566	\$ 321,160
AA	-	1,168,998	-
A	-	52,643	-
BB	-	58,673	-
Total	<u>\$ 36,255</u>	<u>\$ 2,500,880</u>	<u>\$ 321,160</u>

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

III. Detailed Notes

A. Cash and investments

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
Common stock	<u>\$ 257,738</u>	<u>\$ 257,738</u>	<u>\$ -</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below:

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 427,907</u>	<u>\$ 194,741</u>	<u>\$ 622,648</u>
Long-term portion	<u>\$ 1,047,633</u>	<u>\$ 489,269</u>	<u>\$ 1,536,902</u>
Less allowance for uncollectibles	<u>(37,500)</u>	<u>(99,500)</u>	<u>(137,000)</u>
Net long-term portion	<u>\$ 1,010,133</u>	<u>\$ 389,769</u>	<u>\$ 1,399,902</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**C. Capital assets**

Capital asset activity for fiscal year was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 5,783,350	\$ 2,850,000	\$ -	\$ 8,633,350
Construction in progress	565,607	135,158	497,916	202,849
Collections	<u>33,900</u>	<u>-</u>	<u>-</u>	<u>33,900</u>
Total capital assets, not being depreciated	<u>6,382,857</u>	<u>2,985,158</u>	<u>497,916</u>	<u>8,870,099</u>
Capital assets, being depreciated:				
Buildings and improvements	9,994,953	245,035	-	10,239,988
Machinery, equipment and vehicles	8,831,076	679,620	148,957	9,361,739
Infrastructure	<u>14,013,650</u>	<u>474,982</u>	<u>-</u>	<u>14,488,632</u>
Total capital assets, being depreciated	<u>32,839,679</u>	<u>1,399,637</u>	<u>148,957</u>	<u>34,090,359</u>
Total capital assets	<u>39,222,536</u>	<u>4,384,795</u>	<u>646,873</u>	<u>42,960,458</u>
Less accumulated depreciation for:				
Buildings and improvements	3,439,111	219,146	-	3,658,257
Machinery, equipment and vehicles	5,120,290	469,300	100,236	5,489,354
Infrastructure	<u>9,870,760</u>	<u>467,656</u>	<u>-</u>	<u>10,338,416</u>
Total accumulated depreciation	<u>18,430,161</u>	<u>1,156,102</u>	<u>100,236</u>	<u>19,486,027</u>
Total capital assets, being depreciated, net	<u>14,409,518</u>	<u>243,535</u>	<u>48,721</u>	<u>14,604,332</u>
Capital assets, net	<u>\$ 20,792,375</u>	<u>\$ 3,228,693</u>	<u>\$ 546,637</u>	<u>\$ 23,474,431</u>

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

General government	\$ 129,997
Public safety	281,371
Public works	614,246
Health and welfare	21,034
Parks and recreation	92,153
Library	<u>17,301</u>
Total depreciation expense	<u>\$ 1,156,102</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**D. Interfund accounts****1. Interfund payables and receivables**

The amounts due from and due to other funds were as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Major Funds:			
General Fund:			
Bonded Projects	N/A	\$ -	\$ 796,933
Miscellaneous Special Revenue Fund	N/A	-	268
Open Space Fund	N/A	-	166,278
Revaluation Fund	N/A	-	56,000
Town Clerk Records Preservation	N/A	-	56,479
Police Outside Services	N/A	-	200,514
Total General Fund		-	1,276,472
Bonded Projects	General Fund	796,933	-
Nonmajor Funds:			
Special Revenue Funds			
Miscellaneous Special Revenue Fund	General Fund	268	31,408
Police Outside Services	General Fund	200,514	-
Town Clerk Records Preservation	General Fund	56,479	-
Open Space Fund	General Fund	166,278	-
Capital Non-Recurring Fund	General Fund	56,000	-
Capital Non-Recurring Fund	Special Revenue Fund	31,408	-
Total Nonmajor Funds		510,947	31,408
Grand Total		<u>\$ 1,307,880</u>	<u>\$ 1,307,880</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>			
Bonded Projects	N/A	\$ 300,000	\$ -
Capital Nonrecurring Fund	N/A	<u>-</u>	<u>56,000</u>
Total General Fund		<u>300,000</u>	<u>56,000</u>
<u>Bonded projects:</u>			
Mil Rate Stabilization Fund	N/A		300,000
Open Space Fund	N/A	<u>50,000</u>	<u>-</u>
Total Bonded Projects		<u>50,000</u>	<u>300,000</u>
<u>Nonmajor Funds:</u>			
Police Outside Services	Misc Special Revenue Funds	-	200,000
Capital Nonrecurring Funds	General Fund	56,000	-
Capital Nonrecurring Funds	Misc Special Revenue Funds		17,049
Misc Special Revenue Funds	Police Outside Services	200,000	-
Misc Special Revenue Funds	Capital Nonrecurring Fund	17,049	-
Misc Special Revenue Funds	Permanent Funds	76,909	-
Open Space Fund	Bonded projects	-	50,000
Permanent Funds	Misc special Revenue Funds	<u>-</u>	<u>76,909</u>
Total Nonmajor Funds		<u>349,958</u>	<u>343,958</u>
Total		<u>\$ 699,958</u>	<u>\$ 699,958</u>

Transfers are used to account for the financing by the General fund of various programs and activities in the bonded projects and nonmajor funds.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

F. Changes in long-term obligations**1. Summary of changes**

The following is a summary of changes in long-term obligations during the fiscal year:

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance July 1, 2016 (As Restated)</u>	<u>Additions</u>	<u>Deductions and Refundings</u>	<u>Balance June 30, 2017</u>	<u>Current Portion</u>
General obligation bonds:									
General purpose	\$2,795,000	12/01/06	12/01/26	3.5-5.5%	\$ 1,535,000	\$ -	\$1,535,000	\$ -	\$ -
General purpose	3,110,000	11/15/12	08/15/30	2-3%	2,360,000	-	250,000	2,110,000	250,000
General purpose	4,350,000	11/01/16	11/01/31	2-2.25%	2,835,000	1,515,000	-	4,350,000	300,000
Refunding.....	1,435,000	11/01/16	11/01/26	2.0%		<u>1,435,000</u>	<u>-</u>	<u>1,435,000</u>	<u>100,000</u>
Total bonds	11,690,000				6,730,000	2,950,000	1,785,000	7,895,000	650,000
Other Liability:									
Bond Premium					<u>104,800</u>	<u>160,616</u>	<u>16,879</u>	<u>248,537</u>	<u>-</u>
Total bonds, notes and related liabilities					6,834,800	3,110,616	1,801,879	8,143,537	650,000
Capital Lease Liability					31,297	-	31,297	-	-
Compensated Absences					244,523	294,227	270,233	268,517	53,703
Net Pension Liability					5,838,109	945,878	1,287,920	5,496,067	-
Net OPEB Liability					<u>8,653,785</u>	<u>510,183</u>	<u>193,793</u>	<u>8,970,175</u>	<u>-</u>
Total Long-Term Obligations					<u>\$ 21,602,514</u>	<u>\$ 4,860,904</u>	<u>\$ 3,585,122</u>	<u>\$ 22,878,296</u>	<u>\$ 703,703</u>

All long-term liabilities are generally liquidated by the general fund.

The following is a summary of debt maturities:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 650,000	\$ 158,875
2019	675,000	143,300
2020	1,300,000	121,400
2021	455,000	102,775
2022	440,000	93,825
2023	440,000	85,025
2024	535,000	75,275
2025	530,000	64,625
2026	525,000	54,075
2027	520,000	43,625
2028	385,000	34,575
2029	385,000	26,813
2030	385,000	18,987
2031	385,000	10,744
2032	<u>285,000</u>	<u>3,206</u>
Totals	<u>\$ 7,895,000</u>	<u>\$ 1,037,125</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**2. Statutory debt limitations**

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 71,489,257	\$ 8,624,398	\$ 62,864,859
Schools	142,978,514	-	142,978,514
Sewers	119,148,761	-	119,148,761
Urban renewal	103,262,260	-	103,262,260
Pension deficit	95,319,009	-	95,319,009

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$222,411,021.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

As a member of Regional School District No. 14 (the "District"), the Town is contingently liable for its pro rata share of the District's debt. At year end, the District had no debt.

Debt of the Woodlake Tax District, a special taxing district located within the Town, is legally considered underlying debt of the Town. At year end, the Woodlake Tax District had \$729,398 in outstanding debt.

3. Authorized/unissued debt

The Town had authorized unissued debt for general purposes in the amount of \$7,037,500.

4. Current year advance refunding

In November 2016, the Town issued \$1,435,000 of general obligation refunding bonds with an interest rate of 2.00%. These refunding bonds were issued to advance and defease bonds issued in December 2006. The refunding resulted in an economic gain of \$127,060 with a total savings of \$135,160. The bonds were called and defeased on December 1, 2016.

5. Capital leases

The Town has entered into a lease agreement for the purchase of police vehicles. The annual payments for the agreement are provided for by annual general fund appropriations.

The assets acquired through capital leases are as follows:

Asset:	
Machinery, equipment and vehicles	\$ 218,691
Less accumulated depreciation	<u>(69,003)</u>
Total	<u>\$ 149,688</u>

This year, \$19,683 was included in depreciation expense.

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**G. Fund balances**

Fund Balance Component	General Fund	Bonded Projects	Nonmajor Funds	Total
<u>Nonspendable:</u>				
Permanent fund principal	\$ -	\$ -	\$ 294,632	\$ 294,632
<u>Restricted:</u>				
General government	-	-	12,882	12,882
Public safety	-	-	99,518	99,518
Public works:				
Road maintenance	-	-	132,156	132,156
Other	-	-	31,408	31,408
Health and welfare:				
Support of the poor	-	-	22,269	22,269
Other	-	-	71,383	71,383
Parks and recreation	-	-		
Programs			122,261	122,261
Open space	-	-	166,278	166,278
Education - science and music	-	-	209,774	209,774
Library	-	-	250,083	250,083
Total restricted	-	-	1,118,012	1,118,012
<u>Committed:</u>				
OPEB	100,000	-	-	100,000
General government:				
Records preservation	-	-	112,529	112,529
Public safety:				
Private duty police	-	-	200,514	200,514
Approved capital projects	-	1,402,794		1,402,794
Total committed	100,000	1,402,794	313,043	1,815,837
<u>Assigned:</u>				
Mil Rate Stabilization	690,000	-	-	690,000
Subsequent year's budget	500,000	-	-	500,000
Total assigned	1,190,000	-	-	1,190,000
<u>Unassigned</u>	4,326,363	-	-	4,326,363
Total	\$ 5,616,363	\$ 1,402,794	\$ 1,725,687	\$ 8,744,844

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

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

The Town is a member of CIRMA's workers' compensation pool, a risk sharing pool, which began on July 1, 1980. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's workers' compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

B. Commitments and litigation

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**E. Pension plan****1. Plan description****Plan administration**

The Town administers the Town of Woodbury Employees' Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time employees of the Town, including elected and appointed officials who receive a salary from the Town and work more than twenty weeks for the Town, and police officers. The Pension Plan Article XI grants the authority to establish and amend the benefit terms to the Board of Selectmen, which only become effective after approval at a Town Meeting. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements.

Management of the plan is vested in the Retirement Board, which consists of five members, one of whom shall be a member of the Board of Finance, appointed by the Board of Selectmen.

Plan membership

At July 1, 2016, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	40
Inactive plan members entitled to, but not yet receiving benefits	12
Active plan members	<u>45</u>
Total	<u>97</u>

2. Benefit provisions

The plan provides retirement, disability and death benefits. Retirement benefits for Town and Police employees are calculated as 2 percent of the member's final average salary times the member's years of service. Town plan members can retire at full benefits at age 65 or after completion of 5 years of service, whichever is later. Public works union members can retire at full benefits at age 60 or after 5 years of service, whichever is later. Town plan members and public works union members with 15 years of continuous service are both eligible to retire at age 55 at a reduced benefit amount. Police plan members can retire at full benefits when their age and year of service total 75 (rule of 75). Police with 15 years of continuous service are also eligible to retire at age 55 at a reduced benefit amount.

All plan members, who are determined to have a total and permanent disability, are eligible for disability benefits after 15 years of service. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits will be paid, if a member reached their 55th birthday and had at least 5 years of service and if survived by a spouse to whom they had been married for at least 12 months, equal to the joint and survivor option benefit calculation.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

A plan member who leaves Town service may withdraw his or her contributions or, if they have completed 5 years of service, will be entitled to an accrued termination benefit at normal retirement date.

Benefit terms have previously provided for annual cost-of-living adjustments to the member's retirement allowance subsequent to the member's retirement date for retirees who have retired before certain dates as follows: prior to July 1, 2002, 2% for each year retired before July 1, 2002 up to 10%; prior to December 31, 1991, 2% for each year retired before December 31, 1991 up to 8%; and prior to July 1, 1980, 2% for each year retired before July 1, 1980 up to 20%.

3. Contributions

Article VIII of the pension plan provides that after July 1, 2000, members will contribute 2% of their annual base compensation (excluding overtime and any other extra compensation).

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

For the fiscal year end, the average active member contribution rate was 2.0% of annual base compensation, and the Town's average contribution rate was 20.65% of annual payroll.

4. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60%
Fixed income	35%
Cash equivalents	<u>5%</u>
Total	<u><u>100%</u></u>

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

5. Concentrations

There were no investments in any one organization that represents 5% or more of the pension plan's net position.

6. Rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net pension liability

The components of the net pension liability were as follows:

Total pension liability	\$ 11,781,210
Plan fiduciary net position	<u>6,285,143</u>
Net pension liability	<u>\$ 5,496,067</u>
Plan fiduciary net position as percentage of the total pension liability	<u>53.35%</u>

8. Actuarial assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Asset valuation method	Fair value
Post-retirement increases	Ad hoc (none for 2017)
Inflation	1.625%
Salary increase	1.625%, average
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Mortality Table, adjusted to 2006, projected with MP-2015 improvement scale

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

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 pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual funds:	
Domestic equity	9.25%
International equity	9.75%
Fixed income (bonds)	4.25%

The total weighted average expected rate of return is 7.4%.

9. Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Changes in net pension liability

The Town's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability for the year ended June 30, 2017 were as follows:

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

10. Changes in net pension liability (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016	\$ 11,416,155	\$5,578,046	\$ 5,838,109
Service cost	219,653		219,653
Interest	822,541		822,541
Differences between expected and actual experience	-		-
Changes in assumptions	-		-
Experience losses (gains)	(96,316)		(96,316)
Contributions - employer		575,000	(575,000)
Contributions - member		47,654	(47,654)
Net investment income		689,564	(689,564)
Benefit payments, including refunds of member contributions	(580,823)	(580,823)	-
Plan administrative expenses		(24,298)	24,298
Net change	365,055	707,097	(342,042)
Balance at June 30, 2017	\$ 11,781,210	\$6,285,143	\$ 5,496,067

11. 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 7.25% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 6,885,160	\$ 5,496,067	\$ 4,328,764

12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the fiscal year, the Town recognized pension expense of \$758,795. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 346,091	\$ -
Changes in assumptions	246,187	677,517
Net difference between projected and actual earnings on pension plan investments	<u>287,217</u>	<u>-</u>
Total	<u>\$ 879,495</u>	<u>\$ 677,517</u>
Net amount of deferred inflows and outflows		<u>\$ 201,978</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was also 5 years.

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 131,073
2019	131,072
2020	(68,439)
2021	<u>8,272</u>
Total	<u>\$ 201,978</u>

D. Other post-employment benefits plan**1. Plan description****A. Plan administration**

The Town administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("OPEB") for certain full-time employees. Management of the plan is vested in the Board of Finance. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

D. Other post-employment benefits plan (continued)**2. Plan description****B. Benefit provided**

The Town plan provides for medical and dental benefits for all eligible Public works, Police, Supervisors and White Collar retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.

C. Contributions

The Board of Finance has the authority to determine contributions to the plan. The Town is currently funding benefits on a pay as you go basis. Plan members are not required to contribute to the plan.

D. Employees Covered by Benefit Terms

As of July 1, 2016, the following employees are covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	21
Active plan members	<u>37</u>
Total	<u>58</u>

2. Total OPEB Liability

The Town's total OPEB liability of \$8,970,175 was measured as of June 30, 2017, and was determined by an actuarial valuation as July 1, 2016.

3. Actuarial methods and other inputs

The total OPEB liability was determined based upon a July 1, 2016 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.13%
Inflation	N/A

Healthcare cost trend rates:

Medical trend rate	7.00%
Ultimate medical trend rate	5.00%
Year ultimate medical trend rate reached	2021

Town of Woodbury, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

D. Other post-employment benefits plan**3. Actuarial methods and other inputs**

The discount rate was based on the S&P municipal bond 20 year high grade index as of the measurement date.

Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2015.

The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future.

In particular, the anticipated future excise tax has been valued and added to the liability reflected in this valuation report. The estimated present value of all future excise tax payments is approximately \$625,000.

4. Changes in the Total OPEB Liability

Total OPEB liability - July 1, 2016	<u>\$ 8,653,785</u>
Service cost	237,938
Interest	272,245
Changes of assumptions or other inputs	-
Benefit payments	<u>(193,793)</u>
Net Change	<u>316,390</u>
Total OPEB liability - June 30, 2017	<u><u>\$ 8,970,175</u></u>

5. Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
<u>OPEB liability</u>			
Discount Rate Sensitivity	<u>\$ 10,989,046</u>	<u>\$ 8,970,175</u>	<u>\$ 7,422,218</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

5. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>OPEB liability</u>	<u>1% Decrease 6.00%</u>	<u>Current Trend 7.00%</u>	<u>1% Increase 8.00%</u>
Healthcare cost trend rate - sensitivity	<u>\$ 10,754,604</u>	<u>\$ 8,970,175</u>	<u>\$ 7,572,873</u>

6. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year the Town recognized OPEB expense of \$510,183. Since this is the first year of implementation, the Town is not reporting any amounts for deferred outflows of resources and deferred inflows of resources related to OPEB.

E. Prior Period Adjustment

The government-wide net position was restated as follows due to the implementation of GASB Statement 75 which requires the Town to record the net OPEB obligation in the government wide financials statements:

Net position as previously reported at June 30, 2016	\$ 18,122,140
To remove net OPEB obligation previously recorded	1,185,938
To record beginning net OPEB liability (NOL)	<u>(8,653,785)</u>
Net position as restated at July 1, 2016	<u>\$ 10,654,293</u>

**Required
Supplementary
Information**

Town of Woodbury, Connecticut

Employees' Pension Plan

Required Supplementary Information
Schedule of Changes in Net Pension LiabilityLast Four Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 219,653	\$ 306,048	\$ 291,476	\$ 300,651
Interest	822,541	731,817	724,057	583,884
Difference between expected and actual experience	(96,316)	469,273	213,457	-
Changes in assumptions	-	(679,796)	615,469	-
Benefit payments, including refunds of member contributions	<u>(580,823)</u>	<u>(487,798)</u>	<u>(457,492)</u>	<u>(462,130)</u>
Net change in total pension liability	365,055	339,544	1,386,967	422,405
Total pension liability - July 1	<u>11,416,155</u>	<u>11,076,611</u>	<u>9,689,644</u>	<u>9,267,239</u>
Total pension liability - June 30 (a)	<u>11,781,210</u>	<u>11,416,155</u>	<u>11,076,611</u>	<u>9,689,644</u>
Plan fiduciary net position:				
Contributions - employer	575,000	469,632	397,969	400,000
Contributions - member	47,654	46,385	52,899	46,330
Net investment income	665,266	12,624	185,578	724,619
Benefit payments, including refunds of member contributions	<u>(580,823)</u>	<u>(487,798)</u>	<u>(457,492)</u>	<u>(462,130)</u>
Net change in plan fiduciary net position	707,097	40,843	178,954	708,819
Plan fiduciary net position - July 1	<u>5,578,046</u>	<u>5,537,203</u>	<u>5,358,249</u>	<u>4,649,430</u>
Plan fiduciary net position - June 30 (b)	<u>6,285,143</u>	<u>5,578,046</u>	<u>5,537,203</u>	<u>5,358,249</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 5,496,067</u>	<u>\$ 5,838,109</u>	<u>\$ 5,539,408</u>	<u>\$ 4,331,395</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Woodbury, Connecticut

Employees' Pension Plan

Required Supplementary Information
Schedule of Net Pension LiabilityLast Four Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 11,781,210	\$ 11,416,155	\$ 11,076,611	\$ 9,689,644
Plan fiduciary net position	<u>(6,285,143)</u>	<u>(5,578,046)</u>	<u>(5,537,203)</u>	<u>(5,358,249)</u>
Net pension liability	<u>\$ 5,496,067</u>	<u>\$ 5,838,109</u>	<u>\$ 5,539,408</u>	<u>\$ 4,331,395</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>53.35%</u>	<u>48.86%</u>	<u>49.99%</u>	<u>55.30%</u>
Covered-employee payroll	<u>\$ 2,785,050</u>	<u>\$ 2,705,248</u>	<u>\$ 2,506,767</u>	<u>\$ 2,365,952</u>
Net pension liability as a percentage of covered-employee payroll	<u>197.34%</u>	<u>215.81%</u>	<u>220.98%</u>	<u>183.07%</u>

Schedule of Investment Returns

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>12.34%</u>	<u>0.64%</u>	<u>3.80%</u>	<u>15.82%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Woodbury, Connecticut

Employees' Pension Plan

Required Supplementary Information
Schedule of ContributionsLast 10 Years

	Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
54	2017	\$ 538,868	\$ 575,000	\$ 36,132	\$ 2,785,050	20.65%
	2016	469,632	469,632	-	2,705,248	17.36%
	2015	397,969	397,969	-	2,506,767	15.88%
	2014	397,969	400,000	2,031	2,365,952	16.91%
	2013	351,584	400,000	48,416	2,204,601	18.14%
	2012	329,048	325,248	(3,800)	2,417,030	13.46%
	2011	325,248	325,248	-	2,535,079	12.83%
	2010	353,220	353,220	-	2,491,718	14.18%
	2009	276,203	250,000	(26,203)	2,045,941	12.22%
	2008	232,572	301,359	68,787	2,221,770	13.56%

Town of Woodbury, Connecticut

Employees' Pension Plan

Notes to Required Supplementary Information
Last 10 Years

Changes of benefit terms.	None
Changes of assumptions.	<p>2016 - The discount rate increased from 6.57% per annum to 7.25% per annum.</p> <p>2016 - The mortality assumption was changed from the 1994 Group Annuity Mortality Table projected to 2015 using Scale AA as of June 30, 2015 to the RP-2014 Mortality Table adjusted to 2006, projected with MP-2015 improvement scale as of June 30, 2016 to better reflect future mortality expectations.</p>
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of one year prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar
Asset Valuation Method	Fair value
Inflation	1.625%
Salary Increases	1.625%
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation

Town of Woodbury, Connecticut
Other Post-Employment Benefits Plan
Required Supplementary Information
Schedule of Changes in Net OPEB Liability
For the Year Ended June 30, 2017

Total pension liability:	
Service cost	\$ 237,938
Interest	272,245
Benefit payments, including refunds of member contributions	<u>(193,793)</u>
Net change in total pension liability	316,390
Total pension liability - July 1	<u>8,653,785</u>
Total pension liability - June 30 (a)	<u><u>\$ 8,970,175</u></u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Woodbury, Connecticut

Other Post-Employment Benefits Plan

Required Supplementary Information
Schedule of ContributionsLast Eight Years

<u>Fiscal year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
2017	\$ 821,315	\$ 193,793	\$ (627,522)	\$ 2,601,825	7.45%
2016	497,543	180,292	(317,251)	2,474,105	7.29%
2015	500,068	167,680	(332,388)	N/A	N/A
2014	504,774	176,441	(328,333)	N/A	N/A
2013	187,805	161,304	(26,501)	N/A	N/A
2012	187,805	116,471	(71,334)	N/A	N/A
2011	145,250	96,478	(48,772)	N/A	N/A
2010	140,432	99,447	(40,985)	N/A	N/A

Note: These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Woodbury, Connecticut

Town of Woodbury Other Post-Employment Benefit Plan

Notes to Required Supplementary Information

Last Eight Years

Changes of benefit terms.	None
Changes of assumptions.	<p>2014: The July 1, 2013 actuarial valuation report reflects a best estimate of the potential impact of the Patient Protection and Affordable Care Act. Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. Specifically, the valuation reflects the anticipated Cadillac Tax that will go into effect in 2018. The excise tax has been valued as 40% of the difference between the trended per capita claims cost and the excise tax threshold.</p> <p>2016: The future anticipated excise tax has been valued and added to the liability at an estimated amount of \$625,000.</p>

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	24 years
Investment Rate of Return	4.00%
Healthcare Inflation rate - Initial	7.00%
Healthcare Inflation rate - Ultimate	5.00%
Mortality Rates	The RP-2014 Mortality table has been projected back to 2006 using scale MP2014 and then forward with scale MP2015