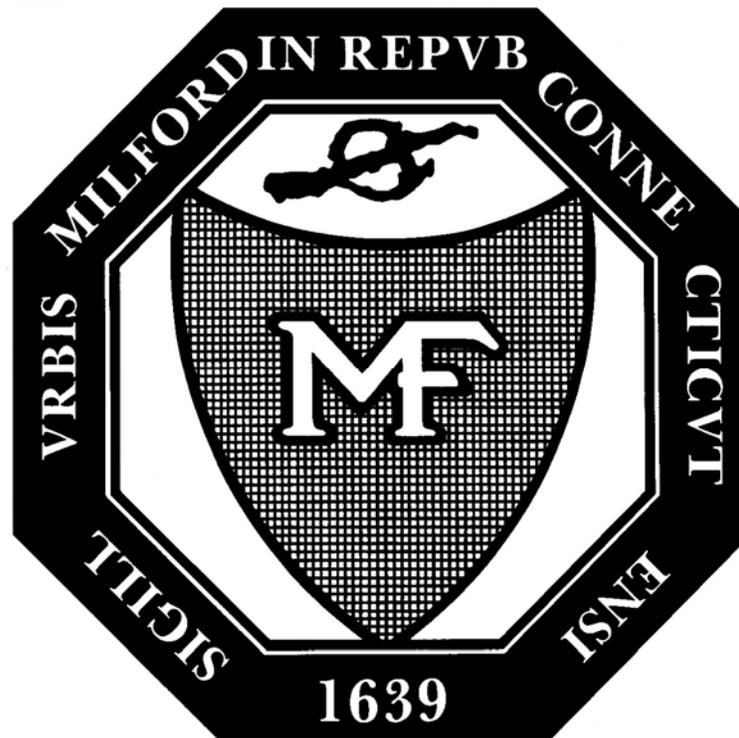


City of Milford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

City of Milford, Connecticut Connecticut

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:
City of Milford Finance Department

**PETER A. ERODICI, JR.
DIRECTOR OF FINANCE**

**ARIANE P. SWIFT
CITY ACCOUNTANT**

**CITY OF MILFORD, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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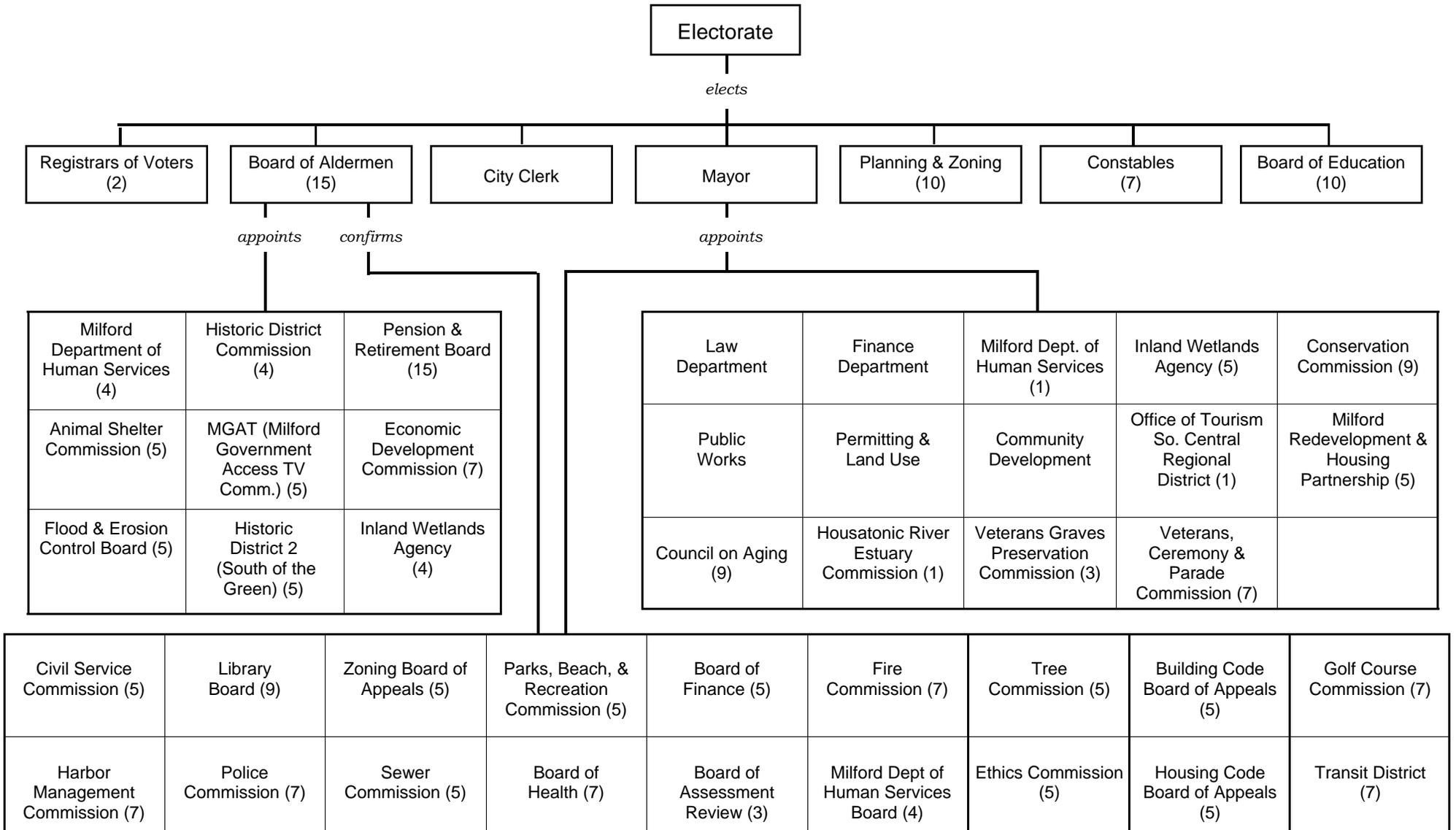
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Introductory Section

City of Milford Organizational Chart



PRINCIPAL OFFICIALS

Mayor

Benjamin G. Blake

Board of Aldermen

Philip J. Vetro, Chair
Brian Bier
Anthony Giannattasio
Greta Stanford
Janet A. Golden
Susan Fontana
Dominick Veccharelli, Jr.
Martin B. Hardiman
Frank J. Smith
Michael S. Casey
Susan Shaw
Daniel J. German
Dora Kubek
Bryan N. Anderson
Raymond G. Vitali

Board of Education

Susan Glennon, Chair
John DeRosa
Michael M. DeGrego
Anthony Piselli
Earl Whiskeyman
Dr. Heidi Gold-Dworkin
Suzanne L. DiBiase
Laura Fucci
Jennifer Federico
Robert Satti

Appointed Officials

Dr. Elizabeth Feser, Superintendent of Schools
Jonathan D. Berchem, City Attorney



City of Milford, Connecticut

- Founded 1639 -

70 West River Street - Milford, CT 06460-3317
Tel 203-783-3220 FAX 203-876-1960

Office of the
Director of Finance

December 21, 2015

Citizens of the City of Milford, Connecticut
Honorable Mayor
Members of the Board of Aldermen
Members of the Board of Finance

The Comprehensive Annual Financial Report of the City of Milford for the fiscal year ended June 30, 2015 is hereby submitted. This report was prepared by the City's Department of Finance in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner that presents fairly the financial position and results of the operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Milford is required to undergo an annual federal single audit in compliance with requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Nonprofit Organizations*. Information related to this federal single audit, including the Schedule of Expenditures of Federal Awards and the independent auditors' reports on compliance and internal controls are included in a separately issued federal single audit report.

The City of Milford is also required to undergo an annual state single audit in conformity with the provisions of the State of Connecticut's Single Audit Act (C.G.S. Sections 4-230 to 4-236). Information related to this state single audit, including the schedule of state financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued state single audit report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Milford's MD&A can be found immediately following the independent auditors' report.

The financial reporting entity (the government) includes all of the funds of the City of Milford. The government provides the full range of municipal services as directed by State statute and the Charter of the City of Milford. These include police and fire protection, parks and recreation activities, street construction and maintenance, wastewater treatment, planning and zoning, health and social services, education, and general administrative services.

PROFILE OF THE GOVERNMENT

The City of Milford was founded in 1639 and covers a 23.5 square mile area on Long Island Sound at the mouth of the Housatonic River. The City lies almost equidistant between the cities of New Haven and Bridgeport. Contiguous to the towns of Stratford, Shelton, Orange, and West Haven, Milford is the fifth largest community in population in New Haven County and eighteenth in population size of the State of Connecticut's one hundred and sixty-nine cities and towns. Primarily a residential community, Milford's population is 52,759 (2010 Census). Milford is served by many transportation facilities. Interstate 95 has seven Milford entrances/exits and Connecticut 15 (Merritt/Wilbur Cross Parkway) has two entrances/exits. U.S. 1 plus Connecticut Routes 121, 162, and numerous local roads and streets also serve the City. Inter-city passenger bus service is provided by Connecticut Transit and interstate service is provided by Greyhound. The New Haven Line, Amtrak and Metro North (Conrail) provide four east/west passenger/freight rails and two north/south freight rails. Passenger trains stop daily going to and coming from New York's Grand Central Station. Two airports serve Milford; Sikorsky Memorial Airport and Tweed-New Haven Airport.

Milford has a Mayor-Board of Aldermen form of government. The Mayor and fifteen Aldermen are elected each odd-numbered year. The City's Charter guarantees representation by more than one political party, with no more than ten (10) aldermen from the same party. The legislative function is performed by the Board of Aldermen. The budgetary process involves sequential recommendations by Department Heads and Boards and Commissions, the Mayor, and the five (5) members Board of Finance, with the final budget set by the Board of Aldermen. The Director of Finance, who is included under Civil Service, administers fiscal matters.

The City provides a full range of services including schools; police and fire protection; maintenance of highways, streets and other infrastructure; recreational activities and cultural events; sanitation and health services; human services; and General Government, Administrative, and Community Development Services.

ECONOMY AND FACTORS AFFECTING FINANCIAL CONDITION

Milford is located in a region with a diverse economic base. Residents' income is derived from education and health services organizations, manufacturing, professional and administrative services, and retail industries. The 2010 census data shows that Milford's median family income was \$94,077, compared to the State's \$81,246 and the median age of a Milford resident was 43.3 years.

The City's unemployment rate was 4.5 % through August 2015 as compared to the State of Connecticut at 5.1%. The decrease in the unemployment rate from 6% to 4.5% over the past year is reflective of the current economy.

The City's tax base is stable with some moderate growth. The net taxable grand list of October 1, 2014 was \$6.39 billion which represents an increase of \$3.4 million over the grand list of October 1, 2013. This was primarily due to residential new construction. The top ten taxpayers have been relatively stable over the past two years and represent 8.04% of the grand list.

Milford continues to see signs of growth and progress. Shoreline homes continue to be rebuilt, new multi-family residences are being constructed, and new businesses are being added which should help to increase the grand list going forward.

In 2014, the City of Milford increased new business by 26% from the previous year with the introduction of 394 new businesses.

The redevelopment of 230 Cherry Street, the eventual site of ShopRite, is expected to reinvigorate the area with several pad sites dedicated to gas, retail, and restaurants. The new store will be 68,000 square feet or 20 percent larger than the current store. Total Wines & More, the country's largest independent retailer of wine and beverages opened a 25,000 square foot superstore on the site in 2015. The plaza is expected to be completed in 2016.

A number of small businesses have opened, and Launch Milford, a trampoline park, will take over 15,000 square feet at 125 Old Gate Lane. In addition, Milford's downtown saw a number of new businesses open. Advisra Consulting has opened a residential and commercial real estate brokerage office. Other new downtown businesses include: Hair by Camille, Hamilton Connections, Michelle Ragozzine & Associates, Los Cabos, Amy Champagne Events, and Bloomer Biotech Investment Advisors LLC.

In Walnut Beach, the revitalization efforts, through a \$1 million state grant, are complete. These projects included a new streetscape on Naugatuck Avenue that includes a sidewalk of brick pavers, plantings, lampposts, banners, benches, bike racks, and trash receptacles. Beach Shore Village, a condominium, office/retail space, has matched streetscape improvements on Naugatuck Avenue and has begun construction on several new units. Several new businesses have opened in the area, such as Couture Fitness on the Water and Art Fish 42.

The Connecticut Post Mall added new tenants including 7-D Turbo Ride, La Perfumerie, Red Robin, Milford Fried Chicken, Buffet Palace, and In Fashion. A new shopping center with a Panera Bread restaurant, a Sleep Number store, and a Verizon store are among the businesses that will replace the former Smiles Entertainment Center at 1565-1645 Boston Post Road.

The City's office park sector continues to grow with Kidsense Therapy Group moving into the well-established Cherry Street offices at 209 Cherry Street. Also moving into Cherry Street are Vice Construction Group LLC, Stone Investment Properties LLC, and Wave Wellness along with other tenants.

In the medical field, St. Vincent's Medical Center opened an urgent care facility at 199 Cherry Street. Further, Milford Molecular Diagnostics MMD and Sleep Management Services opened in the area.

Milford continues to work with public and private agencies to foster economic growth. Close relationships exist between the City and the Milford Chamber of Commerce and state and federal economic development organizations. Milford continues to work with 15 other communities in the Regional Growth Partnership.

Internal Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Single Audits. As a recipient of federal and state financial assistance, the City of Milford is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City's single audits described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audits for the fiscal year ended June 30, 2015, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

THE OPERATING BUDGET

Guidelines

Budgetary Control

In addition to internal accounting controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budgets for the General Fund as approved by the Board of Aldermen and as may be amended by the Board during the fiscal year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department. The City also maintains project budgets for all capital project funds and special revenue funds.

To aid in budgetary control, the City maintains an encumbrance accounting system to record obligations by line item for the General Fund, all capital project funds and all special revenue funds. Certification of funds availability is required prior to issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Encumbrances for goods and services that have not been received by June 30 of each year are reported as reservations of fund balance. Invoices will be paid in the next fiscal year against these encumbrances. The Mayor can authorize budget transfers within a classification (Personal Services, Operating Expenses, Capital Outlay, etc.) of a department. All transfers between classifications in a department or between departments and all transfers into an account not approved at the budget vote must be justified to and approved by the Board of Finance and the Board of Aldermen.

Debt

The City's long-standing administrative policy is that debt service shall not exceed 10% of the respective year budget. For FY2015, debt service represents approximately 6.9% of the budget.

Use of Fund Balance

The City has a long-standing administrative policy of maintaining a minimum of 5% of the current year budget in unassigned fund balance.

Budgetary and Long Term Financial Planning

The City officials are very mindful of the current economic circumstances, the level of taxes, and the need to balance them with the needs and expectations of the community. Over the past 2 years, the City has completed bond refundings which have lowered debt service costs. In 2012, two refundings were completed which resulting in total savings of \$2.5 million. Recently, the City completed a refunding in December 2014 yielding savings of \$729 thousand. The administration negotiated with its Police and Fire unions and worked with them to implement plan design changes to their pension agreements which will help to lower pension costs over the long term.

The City tries to conservatively budget revenues, particularly building permit fees, investment income, and conveyance fees. These revenues are highly dependent on the economy and market conditions. The City has also recognized the impacts of the economy on the State budget and is conservative in planning for State grants. For FY14 and FY15, the City planned for adjustments in certain grants and others with level funding. In FY15, state grants were budgeted at \$14.3 million and funded 7.2% of the City's budget. In FY14, state grants were budgeted at \$14.6 million, which was 7.5% of the budget. The Education Cost Sharing Grant, which is a major grant for the City, increased slightly from \$11.2 million budgeted in FY14 to \$11.4 million budgeted in FY15.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. The City negotiated a wage increase of 2.25% for FY15 for most City unions and gave the same to the non-represented employees. In FY14 and FY15, the Education Operations (EO) budget increased 2.26% and 0.4% and the City's budget increased 6.34% and 3.7% respectively. Some of the key reasons for the City's increase were as follows: a \$1.7million increase in the pension annual contribution, a \$1 million increase in debt service, a \$331 thousand increase in the health insurance fund contribution for both City and BOE, and approximately \$881 thousand in contractual wage increases for City employees. Each year, the City works to implement changes which result in expenditure reductions as well, including energy efficiency initiatives. In 2014, Milford joined the Greater Bridgeport Regional Solid Waste Interlocal Committee (GBRSW). The GBRSW is comprised of several municipalities which bundle their solid waste tonnage in an effort to obtain the most economical disposal agreement. The GBRSW successfully negotiated a new long term disposal agreement with Wheelbrator Bridgeport, LLP. Significant savings are projected since Milford's cost per ton decreased from \$67.31 to \$59.75. In 2015, the cost per ton increased slightly to \$60.96.

The long-term plan for the City is to continue with a business friendly environment to encourage development/redevelopment of properties. The City will only have minimal, if any, personnel increases. Labor contracts for the majority of the City's unionized workforce expired on June 30, 2015. The Police, Fire, and Nurses Union contracts will expire on June 30, 2016. These contracts include a premium cost share on an increasing sliding scale for all employees who will now contribute to the cost of their health insurance (Police already had a premium cost share implemented). The City will have to balance fixed asset and infrastructure maintenance/improvements while keeping debt service at a manageable level. The City plans to continue funding of the pension plans. The City will continue compiling a five-year capital plan and a five-year vehicle and equipment replacement schedule.

Secondary Market Disclosure. The City has agreed to provide or cause to be provided to each Nationally Recognized Municipal Securities Information Repository (NRMSIR) the City's annual financial information and operating data including the City's audited financial statements. The data to be provided shall include the following:

Amounts of the gross and net taxable grand list applicable to the fiscal year (See Statistical Table 7);

Listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon (See Statistical Table 8);

Percentage and amount of the annual property tax levy collected and uncollected as of the close of the fiscal year (See Statistical Table 9);

Schedule of the annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year (See Note 7);

Calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt) as of the close of the fiscal year (See Statistical Table 13);

Total direct debt, total net direct debt and total overall net debt of the City per capita (See Statistical Table 13);

Ratios of the total direct debt and total overall net debt of the City to the City's net taxable grand list (See Statistical Table 13);

Statement of statutory debt limitations and debt margins as of the close of the fiscal year (See Statistical Table 11);and

Funding status of the City's pension benefit obligations as of the close of the fiscal year (See Note 9 to the General Purpose Financial Statements).

Independent Audit. Connecticut State Statutes require that all municipalities have their accounts audited annually (C.G.S. Section 7-392) by an independent accountant. The City Charter requires an annual of all financial records of the City, its departments, bureaus, agencies, boards and offices. The firm of Blum, Shapiro & Company, P.C., Certified Public Accountants, was selected to be the City's independent auditors. In addition to meeting the State Statute and City Charter requirements, the audit was also designed to meet the requirements of Management and Budget's Circular A-133. In addition, State requirements for single audit were also met by the audit. The auditors' report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (the basic financial statements) is included in the financial section of this report. The combining and individual nonmajor fund financial statements and schedules have been subject to the auditing procedures applied in the audit of the basic financial statements and have an auditor's opinion in relation to the basic financial statements taken as a whole. The auditors' report on internal controls and compliance with applicable laws and regulation for both federal and state single audits will be found in separately issued single audit reports.

Certificate of Achievement for Excellence in Financial Reporting. The government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Milford for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this report on a timely basis was made possible by the efficient and dedicated service of the Finance Department staff. I would like to express my particular appreciation to Ariane Swift for her assistance and contributions. In addition, the accounting firm of BlumShapiro made substantial contributions by way of design, proofing, and interpretation of recent guidelines.

Appreciation is also expressed to the Mayor, the Board of Aldermen, the Board of Finance, and the Department Heads for their cooperation and assistance throughout the year in matters pertaining to the City of Milford's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter A. Erodici, Jr.", with a stylized, sweeping flourish extending downwards from the end of the signature.

Peter A. Erodici, Jr.
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Milford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
City of Milford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Milford, Connecticut'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the fiscal year ended June 30, 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the City has been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 60 through 65, and the pension schedules on pages 66 through 69 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Milford, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 17, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet and Internal Service Fund financial statements as of June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet and Internal Service Fund financial statements have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet and the Internal Service Fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the City of Milford, 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 City of Milford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2015

**CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This discussion and analysis of the City of Milford, Connecticut's (the City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2015. This is the thirteenth year of reporting in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

Financial Highlights

- The City's net position decreased overall as a result of this year's operations. Net position of our business-type activities increased by \$291 thousand and net position of our governmental activities decreased by \$4.13 million.
- During the year, the City had expenses that were \$4.14 million more than the \$231.8 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$235.9 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$25.1 million and unassigned fund balance of \$16.3 million.
- The resources available for appropriation were \$2.2 million more than budgeted for the General Fund. Expenditures were \$3.1 million less than final appropriations.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the City as a whole and about its activities for the current period. 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 cash is received or paid.

These two statements report the City's net position, along with the changes in net position. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public services, health and welfare, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Golf Course and Harbor Management Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Board of Aldermen establishes many other funds to help control and manage financial activities for particular purposes (like the Capital Project Funds) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State Department of Education). The City's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits III and IV)*- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Health, Workers' Compensation, and Property and Casualty Internal Service Funds.

- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other postemployment benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The City's combined net position decreased from \$98.7 million to \$94.9 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014				2014	
	2015	(as Restated)	2015	2014	2015	(as Restated)
Current and other assets	\$ 96,471	\$ 94,434	\$ 580	\$ 523	\$ 97,051	\$ 94,957
Capital assets	350,664	343,874	3,361	3,126	354,025	347,000
Total assets	<u>447,135</u>	<u>438,308</u>	<u>3,941</u>	<u>3,649</u>	<u>451,076</u>	<u>441,957</u>
Deferred outflows of resources	33,597	787			33,597	787
Long-term debt outstanding	350,646	297,960			350,646	297,960
Other liabilities	35,246	42,914	11	10	35,257	42,924
Total liabilities	<u>385,892</u>	<u>340,874</u>	<u>11</u>	<u>10</u>	<u>385,903</u>	<u>340,884</u>
Deferred inflows of resources	3,873	3,120			3,873	3,120
Net position:						
Net investments in capital assets	174,139	166,869	3,361	3,126	177,500	169,995
Restricted	280	255			280	255
Unrestricted	<u>(83,452)</u>	<u>(72,023)</u>	<u>569</u>	<u>513</u>	<u>(82,883)</u>	<u>(71,510)</u>
Total Net Position	<u>\$ 90,967</u>	<u>\$ 95,101</u>	<u>\$ 3,930</u>	<u>\$ 3,639</u>	<u>\$ 94,897</u>	<u>\$ 98,740</u>

Net position of the City's governmental activities decreased 4.3% (\$91 million compared to \$95.1 million). Unrestricted net position - the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a deficit of \$83.4 million at the end of this year.

There was an 8% increase (\$3.93 million compared to \$3.64 million in the net position of business-type activities from 2014 to 2015.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 9,812	\$ 7,753	\$ 327	\$ 333	\$ 10,139	\$ 8,086
Operating grants and contributions	29,527	36,980			29,527	36,980
Capital grants and contributions	3,046	115	272		3,318	115
General revenues:						
Property taxes	180,864	174,885			180,864	174,885
Grants and contributions not restricted to specific purpose	8,321	8,693			8,321	8,693
Unrestricted investment earnings	49	72	1	1	50	73
Other general revenues	195	718			195	718
Total revenues	<u>231,814</u>	<u>229,216</u>	<u>600</u>	<u>334</u>	<u>232,414</u>	<u>229,550</u>
Expenses:						
General government	13,004	9,770			13,004	9,770
Administration	3,882	3,803			3,882	3,803
Public safety	38,754	38,410			38,754	38,410
Public services	18,586	27,538			18,586	27,538
Education	149,823	142,617			149,823	142,617
Health and welfare	4,183	5,503			4,183	5,503
Grants to agencies	3,073	9,072			3,073	9,072
Interest on long-term debt	4,653	2,711			4,653	2,711
Milford Golf Course			64	64	64	64
Harbor management			235	242	235	242
Total program expenses	<u>235,958</u>	<u>239,424</u>	<u>299</u>	<u>306</u>	<u>236,257</u>	<u>239,730</u>
Transfers in (out)	<u>10</u>	<u>260</u>	<u>(10)</u>	<u>(260)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (4,134)</u>	<u>\$ (9,948)</u>	<u>\$ 291</u>	<u>\$ (232)</u>	<u>\$ (3,843)</u>	<u>\$ (10,180)</u>

The City's total revenues were \$231.8 million. The total cost of all programs and services was \$235.9 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues increased by \$2.6 million from 2014. Most of the increase is attributable to property tax revenue, charges for services, and capital grants.

Table 3 presents the cost of each of the City's three largest programs - public safety, public services, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Public safety	\$ 38,754	\$ 38,410	\$ 34,517	\$ 34,846
Public services	18,586	27,538	13,883	21,060
Education	149,823	142,617	120,264	109,707
All others	28,795	30,859	24,909	28,963
Totals	<u>\$ 235,958</u>	<u>\$ 239,424</u>	<u>\$ 193,573</u>	<u>\$ 194,576</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by 79.6% (\$600 thousand in 2015 compared to \$334 thousand in 2014) and expenses decreased by 2.3% (\$299 thousand in 2015 versus \$306 thousand in 2014).

City Funds Financial Analysis

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$27.9 million, which is an increase of \$6.5 million over last year's fund balance of \$21.4 million. Included in this year's total change in fund balance, is an increase of \$1.8 million in the general fund, and increases of \$1.7 million in the Capital Non-recurring Fund (CNR) and \$3 million in the School Facilities Fund. The fund balance decreased by \$733 thousand in the Sanitary Sewer Fund (SSR) due to expenditures incurred and paid prior to the issuance of bonds, which is anticipated. Moreover, the primary reasons for the General Fund's increase in fund balance are higher than expected tax and other fee revenue, as well as expenditures which were lower than budget. Because \$4 million of general fund balance was assigned in 2014 to support the 2015 budget, property tax revenue growth was moderated. In addition, the City's EMS billing program has been growing, and the City Clerk's office saw an increase in conveyance taxes collected. On the expenditure side, the City carefully monitored expenditures throughout the year and generated savings across most departments. Employee vacancies, due to turnover or retirements in several departments, also led to budget surpluses in the wage line items.

Proprietary Funds

The Internal Service Funds’ net position increased \$2.4 million primarily due to lower than expected healthcare claims expense in the health insurance fund. The Enterprise Funds’ net position increased from last year by \$291 thousand mainly due to a capital contribution for the capitalization of the new golf course maintenance building.

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$1.4 million due to a higher collection rate than was used in the budget.
- State aid revenue was more than budgeted by \$32 thousand. This was due to both increases and decreases in various grant revenues. In particular, the Education Cost Sharing grant was \$30 thousand favorable compared to budget. Investment Income - revenues from the investment of idle funds were more than budgeted by \$30 thousand due to slightly higher interest rates and more money on deposit in the Connecticut Short Term Investment Fund.
- Other Revenue was \$102 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$554 thousand above budget mainly due to higher than anticipated conveyance taxes, paramedic fees, and recycling revenues. These income categories are directly related to the economy and population, and can fluctuate.
- Department Expenditures - Expenditure controls were put into place throughout the fiscal year, including continued monitoring of new hiring, overtime, and purchase requisitions, which resulted in an overall budget surplus of \$3 million on the expenditure side.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the City’s governmental activities had \$350.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$7 million over last year.

Table 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 36.9	\$ 36.6	\$ 1.7	\$ 1.7	\$ 38.6	\$ 38.3
Construction in progress	130.3	134.0			130.3	134.0
Buildings and improvements	114.6	107.9	1.5	1.3	116.1	109.2
Machinery and equipment	12.8	8.9	0.2	0.2	13.0	9.1
Infrastructure	56.0	56.5			56.0	56.5
Totals	\$ 350.7	\$ 343.9	\$ 3.4	\$ 3.2	\$ 354.0	\$ 347.1

This year's major additions included (in thousands):

Police Equipment and Vehicles	\$	637
Public Works Equipment and Vehicles		224
Fire Department Equipment and Vehicles		1,069
Devon Revitalization		432
Milford Academy Renovation		1,713
Library Renovation		1,538
East Side Bulkhead/Ramp		1,785
Town dock at High Street		1,960
Golf Course Maintenance Building		272
Stowe Farm Preservation		112
Communication System		3,978
Fowler Field Parking Area		124
Old Gate Lane Reconstruction		306
PW Garage Roof Replacement - CIP		470
South Street Retaining Wall - CIP		182
Parsons Improvements - CIP		108
Skateboard/Bike Park Addition		47
School Additions and Renovations - CIP		4,537
School Additions and Renovations		1,825
Sewer CIP		4,617
		<u>4,617</u>
	\$	<u>25,936</u>

The City's fiscal-year 2015-2016 capital plan has \$43 million of capital projects planned. School building renovations are estimated at \$18 million, sewer projects at \$2.8 million, and public service projects at \$22 million. Of the total estimated \$43 million, it is expected to finance \$33.9 million with bonds and \$8.9 million with grants. It is likely that not all projects will be implemented - resulting in a lower level of cost. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015, the City had \$174.3 million in bonds and notes outstanding versus \$176.4 million last year - a decrease of 1.2% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 7.

Table 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
General obligation bonds (backed by the City)	\$ 123,580	\$ 119,490
Bond anticipation notes (backed by the City)	17,390	21,526
Long-term note payable	<u>33,289</u>	<u>35,400</u>
Totals	<u>\$ 174,259</u>	<u>\$ 176,416</u>

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City's unemployment rate has decreased from 6% to 4.5%. In comparison, the figures for the State of Connecticut have decreased from 6.9% to 5.1%.

These indicators were taken into account when adopting the General Fund budget for 2015-2016. The adopted budget for FY 2016 is \$202 million, an increase of 2% over the final 2015 budget of \$198 million. No new programs or initiatives were added to the 2016 budget. State grants were assumed to fund 6.9% of the 2016 budget as compared to 7.2% of the 2015 budget.

If estimates are realized, the City's June 30, 2016 budgetary General Fund balance is expected to be \$3.5 million lower than the June 30, 2015 budgetary General Fund balance because of the use of that amount to balance the budget. As for the City's business-type activities, we expect that the 2015-2016 results will improve due to more rounds of golf, higher operating fee revenue, and an increase in bookings at the marina.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Milford, 70 West River Street, Milford, Connecticut 06460.

Basic Financial Statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 80,990	\$ 556	\$ 81,546
Investments	117		117
Receivables, net	15,302	24	15,326
Inventory	28		28
Prepaid items and other assets	34		34
Capital assets:			
Capital assets not being depreciated	167,276	1,654	168,930
Capital assets being depreciated, net	183,388	1,707	185,095
Total assets	<u>447,135</u>	<u>3,941</u>	<u>451,076</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,885		1,885
Changes in pension actuarial assumptions	7,814		7,814
Changes in pension projected investment earnings	23,898		23,898
Total deferred outflows of resources	<u>33,597</u>	<u>-</u>	<u>33,597</u>
Liabilities:			
Accounts and other payables	16,563	11	16,574
Unearned revenue	598		598
Due to other governments	695		695
Bond anticipation notes payable	17,390		17,390
Noncurrent liabilities:			
Due within one year	16,947		16,947
Due in more than one year	333,699		333,699
Total liabilities	<u>385,892</u>	<u>11</u>	<u>385,903</u>
Deferred Inflows of Resources:			
Advance property tax collection	2,982		2,982
Advance sewer collections	145		145
Changes in pension actuarial experience	746		746
Total deferred inflows of resources	<u>3,873</u>	<u>-</u>	<u>3,873</u>
Net Position:			
Net investments in capital assets	174,139	3,361	177,500
Restricted for:			
Trust purposes:			
Expendable	280		280
Unrestricted	(83,452)	569	(82,883)
Total Net Position	<u>\$ 90,967</u>	<u>\$ 3,930</u>	<u>\$ 94,897</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 13,004	\$ 1,779	\$ 329	\$ 334	\$ (10,562)	\$	\$ (10,562)
Administration	3,882				(3,882)		(3,882)
Public safety	38,754	3,655	582		(34,517)		(34,517)
Public services	18,586	1,432	559	2,712	(13,883)		(13,883)
Education	149,823	2,435	27,124		(120,264)		(120,264)
Health and welfare	4,183	511	933		(2,739)		(2,739)
Grants to agencies	3,073				(3,073)		(3,073)
Interest on long-term debt	4,653				(4,653)		(4,653)
Total governmental activities	<u>235,958</u>	<u>9,812</u>	<u>29,527</u>	<u>3,046</u>	<u>(193,573)</u>	<u>-</u>	<u>(193,573)</u>
Business-type activities:							
Milford Golf Course	64	85		272		293	293
Harbor Management	235	242				7	7
Total business-type activities	<u>299</u>	<u>327</u>	<u>-</u>	<u>272</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total	<u>\$ 236,257</u>	<u>\$ 10,139</u>	<u>\$ 29,527</u>	<u>\$ 3,318</u>	<u>(193,573)</u>	<u>300</u>	<u>(193,273)</u>
General revenues:							
Property taxes					180,864		180,864
Grants and contributions not restricted to specific programs					8,321		8,321
Unrestricted investment earnings					49	1	50
Other general revenues					195		195
Transfers					10	(10)	-
Total general revenues and transfers					<u>189,439</u>	<u>(9)</u>	<u>189,430</u>
Change in net position					(4,134)	291	(3,843)
Net position, July 1, 2014, as Restated					<u>95,101</u>	<u>3,639</u>	<u>98,740</u>
Net Position, June 30, 2015					<u>\$ 90,967</u>	<u>\$ 3,930</u>	<u>\$ 94,897</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	<u>General</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 39,201	\$ 5,184	\$ 5,734	\$ 69	\$ 458	\$ 12,809	\$ 63,455
Investments	117						117
Receivables, net	13,574	193				452	14,219
Due from other funds	1,572	155	626			87	2,440
Inventories						28	28
Prepaid items and other assets	21		13				34
Total Assets	<u>\$ 54,485</u>	<u>\$ 5,532</u>	<u>\$ 6,373</u>	<u>\$ 69</u>	<u>\$ 458</u>	<u>\$ 13,376</u>	<u>\$ 80,293</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 11,998	\$ 380	\$ 635	\$ 227	\$ 50	\$ 1,436	\$ 14,726
Other liabilities			120	563	256		939
Due to other governments	677		18				695
Due to other funds	915	240	664	260	381	105	2,565
Unearned revenue	590					8	598
Bond anticipation notes payable			2,320	3,235	11,619	216	17,390
Total liabilities	<u>14,180</u>	<u>620</u>	<u>3,757</u>	<u>4,285</u>	<u>12,306</u>	<u>1,765</u>	<u>36,913</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	6,996						6,996
Unavailable revenue - property taxes interest	5,130						5,130
Unavailable revenue - special assessments	89	151					240
Advance sewer collections		145					145
Advance property tax collections	2,982						2,982
Total deferred inflows of resources	<u>15,197</u>	<u>296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,493</u>
Fund balances:							
Nonspendable	21		13			28	62
Restricted						468	468
Committed	1,055	4,616	2,603			11,289	19,563
Assigned	7,696						7,696
Unassigned	16,336			(4,216)	(11,848)	(174)	98
Total fund balances	<u>25,108</u>	<u>4,616</u>	<u>2,616</u>	<u>(4,216)</u>	<u>(11,848)</u>	<u>11,611</u>	<u>27,887</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 54,485</u>	<u>\$ 5,532</u>	<u>\$ 6,373</u>	<u>\$ 69</u>	<u>\$ 458</u>	<u>\$ 13,376</u>	<u>\$ 80,293</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015
(In Thousands)

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund balances - total governmental funds	\$ 27,887
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 492,528	
Less accumulated depreciation	<u>(141,864)</u>	
Net capital assets		350,664

Other long-term assets and deferred outflows of resources are not available to pay
for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	6,996
Interest receivable on property taxes	5,130
Assessments receivable	238
Interest receivable on assessments	83
Receivable from the state for school construction projects	488
Deferred outflows related to changes in pension actuarial assumptions	7,814
Deferred outflows related to changes in projected pension investment earnings	23,898

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

13,015

Long-term liabilities, including bonds payable and deferred inflows or resources, are
not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(156,869)
Interest payable on bonds and notes	(697)
Compensated absences	(14,381)
Net OPEB obligation	(132,470)
Bond premium	(4,151)
Net pension liability	(37,817)
Deferred inflows related to changes in actuarial experience	(746)
Deferred charges on refunding	<u>1,885</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 90,967</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>General</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes and assessments	\$ 171,858	\$ 6,882	\$	\$	\$	\$	\$ 178,740
Fines, forfeitures, penalties and interest	1,199	40					1,239
Intergovernmental	24,254		2,712		49	7,104	34,119
Charges for services	2,853	79	168			4,644	7,744
Investment income	89	3	3			3	98
Other	6,109	628				2,242	8,979
Total revenues	<u>206,362</u>	<u>7,632</u>	<u>2,883</u>	<u></u>	<u>49</u>	<u>13,993</u>	<u>230,919</u>
Expenditures:							
Current:							
General government	3,930					289	4,219
Administration	2,496						2,496
Public safety	24,393					2,744	27,137
Public services	11,272					786	12,058
Education	119,634					8,669	128,303
Health and welfare	1,615					1,864	3,479
General charges	23,635						23,635
Grants to agencies	2,651						2,651
Capital outlay		5,878	5,761	4,713	3,043		19,395
Debt service	13,839	1,687				306	15,832
Total expenditures	<u>203,465</u>	<u>7,565</u>	<u>5,761</u>	<u>4,713</u>	<u>3,043</u>	<u>14,658</u>	<u>239,205</u>
Excess (deficiency) of revenues over expenditures	<u>2,897</u>	<u>67</u>	<u>(2,878)</u>	<u>(4,713)</u>	<u>(2,994)</u>	<u>(665)</u>	<u>(8,286)</u>
Other financing sources (uses):							
Issuance of bonds and notes			3,740	3,980	5,984	491	14,195
Premium on bond issuance	477						477
Refunding bond issuance	14,935						14,935
Premium on refunding bonds	2,527						2,527
Payment to refunded bond escrow agent	(17,312)						(17,312)
Transfers in			797			547	1,344
Transfers out	(1,264)	(90)					(1,354)
Total other financing sources (uses)	<u>(637)</u>	<u>(90)</u>	<u>4,537</u>	<u>3,980</u>	<u>5,984</u>	<u>1,038</u>	<u>14,812</u>
Net change in fund balances	2,260	(23)	1,659	(733)	2,990	373	6,526
Fund balances, July 1, 2014	<u>22,848</u>	<u>4,639</u>	<u>957</u>	<u>(3,483)</u>	<u>(14,838)</u>	<u>11,238</u>	<u>21,361</u>
Fund Balances, June 30, 2015	<u>\$ 25,108</u>	<u>\$ 4,616</u>	<u>\$ 2,616</u>	<u>\$ (4,216)</u>	<u>\$ (11,848)</u>	<u>\$ 11,611</u>	<u>\$ 27,887</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 6,526
---	----------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	12,532
Depreciation expense	(5,742)

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

School building grant receipts	(258)
Property tax receivable - accrual basis change	644
Property tax interest and lien revenue - accrual basis change	241
Sewer assessment receivable and interest - accrual basis change	12
Sewer assessment interest receivable - accrual change	(49)
Net pension asset	(317)
Deferred outflows related to changes in pension actuarial assumptions	7,814
Deferred outflows related to changes in projected pension investment earnings	23,898

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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments	11,061
Premium on general obligation bonds	(477)
Payments to bond refunding agent	17,312
Issuance of bonds and notes	(14,195)
Refunding bonds issued	(14,935)
Premium on refunding bonds	(2,527)

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 the governmental funds:

Compensated absences	4,662
Accrued interest	(16)
Net OPEB expense	(14,230)
Amortization of bond premium	229
Net pension liability	(37,817)
Deferred inflows related to changes in actuarial experience	(746)
Deferred charges on refunding	(124)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

<u>2,368</u>

Change in Net Position of Governmental Activities (Exhibit II)

<u>\$ (4,134)</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

(In Thousands)

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Milford Golf Course</u>	<u>Harbor Management</u>	<u>Total</u>	<u>Internal Service</u>
Assets:				
Current:				
Cash and cash equivalents	\$ 105	\$ 451	\$ 556	\$ 17,535
Receivables, net	24		24	512
Due from other funds				139
Total current assets	<u>129</u>	<u>451</u>	<u>580</u>	<u>18,186</u>
Capital assets, net	<u>2,050</u>	<u>1,311</u>	<u>3,361</u>	
Total assets	<u>2,179</u>	<u>1,762</u>	<u>3,941</u>	<u>18,186</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities	1	10	11	199
Due to other funds			-	14
Total current liabilities	<u>1</u>	<u>10</u>	<u>11</u>	<u>213</u>
Noncurrent:				
Due within one year:				
Risk management claims				<u>4,958</u>
Total liabilities	<u>1</u>	<u>10</u>	<u>11</u>	<u>5,171</u>
Net Position:				
Invested in capital assets	2,050	1,311	3,361	
Unrestricted	<u>128</u>	<u>441</u>	<u>569</u>	<u>13,015</u>
Total Net Position	<u>\$ 2,178</u>	<u>\$ 1,752</u>	<u>\$ 3,930</u>	<u>\$ 13,015</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-Type Activities			Governmental
	Milford Golf Course	Harbor Management	Total	Internal Service
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 33,330
Charges for services	85	242	327	6,272
Other				235
Total operating revenues	<u>85</u>	<u>242</u>	<u>327</u>	<u>39,837</u>
Operating expenses:				
Health and welfare	48	215	263	
Depreciation	16	20	36	
Insurance premiums and claims expense			-	37,489
Total operating expenses	<u>64</u>	<u>235</u>	<u>299</u>	<u>37,489</u>
Operating income	<u>21</u>	<u>7</u>	<u>28</u>	<u>2,348</u>
Nonoperating revenue:				
Interest income		1	1	
Capital contribution	272		272	
Transfers in			-	20
Transfers out	<u>(10)</u>		<u>(10)</u>	
Total nonoperating revenue	<u>262</u>	<u>1</u>	<u>263</u>	<u>20</u>
Change in net position	283	8	291	2,368
Total net position, beginning of year	<u>1,895</u>	<u>1,744</u>	<u>3,639</u>	<u>10,647</u>
Total Net Position, End of Year	<u>\$ 2,178</u>	<u>\$ 1,752</u>	<u>\$ 3,930</u>	<u>\$ 13,015</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 85	\$ 242	\$ 327	\$ 40,159
Cash paid to employees		(215)	(215)	
Cash paid to vendors	(47)		(47)	
Cash payments for claims paid				(37,186)
Net cash provided by operating activities	<u>38</u>	<u>27</u>	<u>65</u>	<u>2,973</u>
Cash flows to/from noncapital financing activities:				
Transfers to/from other funds	<u>(10)</u>		<u>(10)</u>	<u>20</u>
Cash flows from investing activities:				
Interest and dividends received		<u>1</u>	<u>1</u>	
Net increase in cash and cash equivalents	28	28	56	2,993
Cash and cash equivalents at beginning of year	<u>77</u>	<u>423</u>	<u>500</u>	<u>14,542</u>
Cash and Cash Equivalents at End of Year	<u>\$ 105</u>	<u>\$ 451</u>	<u>\$ 556</u>	<u>\$ 17,535</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 21	\$ 7	\$ 28	\$ 2,348
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	16	20	36	
(Increase) decrease in accounts receivable	(23)		(23)	376
(Increase) decrease in due from other funds	24		24	(54)
Increase (decrease) in accounts payable and accrued liabilities				289
Increase (decrease) in due to other funds				<u>14</u>
Net Cash Provided by Operating Activities	<u>\$ 38</u>	<u>\$ 27</u>	<u>\$ 65</u>	<u>\$ 2,973</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015
(In Thousands)

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ <u>20,561</u>	\$ <u>1,768</u>
Investments:		
Certificate of deposits		120
Corporate bonds	24,290	
Foreign bonds	600	
U.S. government obligations	11,731	
Marketable equity securities	157,681	
Asset backed securities	13,128	
Alternative investments	106,412	
Mutual funds	5,533	
Total investments	<u>319,375</u>	<u>120</u>
Receivables	<u>19</u>	<u>14</u>
Total assets	<u>339,955</u>	\$ <u><u>1,902</u></u>
Liabilities:		
Accounts and other payables	80	\$ 14
Due to employees and students		<u>1,888</u>
Total liabilities	<u>80</u>	\$ <u><u>1,902</u></u>
Net Position:		
Held in Trust for Retirement Benefits	\$ <u><u>339,875</u></u>	

The accompanying notes are an integral part of the financial statements

**CITY OF MILFORD, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Trust Funds</u>
Additions:	
Contributions:	
Plan members	\$ 3,925
Employer-current year	13,924
Employer-additional	<u>502</u>
Total contributions	<u>18,351</u>
Miscellaneous	<u>20</u>
Investment income (loss):	
Net change in fair value of investments	(20,693)
Interest and dividends	<u>21,288</u>
Total investment income	595
Less investment expense	<u>2,751</u>
Net investment loss	<u>(2,156)</u>
Total additions	<u>16,215</u>
Deductions:	
Benefit payments and withdrawals	34,648
Administration	<u>76</u>
Total deductions	<u>34,724</u>
Change in net position	(18,509)
Net position held in trust, beginning of year	<u>358,384</u>
Net Position Held in Trust, End of Year	<u>\$ 339,875</u>

The accompanying notes are an integral part of the financial statements

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The government is a municipal corporation governed by an elected mayor and 15-member Board of Aldermen. A 10-member Board of Education oversees all education activities. As required by GAAP, these financial statements present all of the governmental functions for which it is financially accountable.

B. 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 City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The Sewer Fund is used to account for revenue from the operation of the sewer system. The major source of revenue is user fees and investment income.

The Capital Nonrecurring Fund is used to account for those projects of the City, except for those of the school buildings or sewers, which are capital nonrecurring in nature. The major sources of revenue for this fund are intergovernmental revenues and bond proceeds.

The Sanitary Sewer Fund is used to account for activities related to the construction of sanitary sewers. The major sources of revenue for this fund are proceeds from the sale of bonds.

The School Facilities Fund is used to account for construction of school buildings and additions. The major sources of revenue for this fund are State revenues and proceeds from the sale of bonds.

The City reports the following major proprietary funds:

The Milford Golf Course Fund accounts for the activity of the municipal golf course.

The Harbor Management Fund is used to account for the activity of Harbor area.

Additionally, the City reports the following fund types:

The Internal Service Funds account for the City's and Board of Education's health insurance, the City's workers' compensation insurance and the City's and Board of Education's property and casualty insurance.

The Trust Funds account for the activities of the Milford Retirement System, which accumulates resources for pension benefit payments to qualified City employees, and account for and accumulate resources for post-employment benefits due to City's retirees.

The Agency Funds account for monies from various self-funding school activity programs, inland/wetland bonds and planning and zoning bonds.

The trust funds use the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Municipal Golf Course enterprise fund, the Harbor Management enterprise fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied each June on the assessed value listed on the prior October 1 grand list for all taxable property located in the City. Although taxes are levied in June, the legal right to attach the property does not exist until July 1, and, as such, taxes are due and payable in equal installments on July 1 and January 1 following the date of the grand list. Taxes become overdue one month after the installment date. Interest accrues at the rate of 1.5% per month. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date and are payable in one installment due January 1.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

In accordance with State law, the oldest outstanding tax is collected first. Prior to June 30 of each year, liens are automatically placed on outstanding real estate tax accounts, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Real estate, motor vehicle and personal property accounts are no longer collectible 15 years after the due date in accordance with State Statutes. A total of \$1.4 million has been established as an allowance for uncollectible taxes and interest.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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
Infrastructure	35-70
Motor vehicles	5-20
Office and other equipment	5-15

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net 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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet as deferred inflows of resources. Advance property tax and sewer collections represent tax and sewer fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. In addition, the City reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Under the terms of its various union contracts, City and Board of Education employees are granted vacation in varying amounts based on length of service. Certain employees may carry over a limited number of unused vacation days to subsequent years and, in the event of termination, these employees are reimbursed for accumulated vacation.

Under the terms of its various contracts, City and Board of Education employees are granted sick leave in varying amounts. Certain employees may carry over a limited number of unused sick days to subsequent years and, in the event of termination, these employees are reimbursed for accumulated sick time. Accumulated vacation and sick time is recognized as a liability of the City in the government-wide statement of net position.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 also reported as other financing uses.

L. Fund Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investments in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted when there are externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component of net position includes anything that does not meet the definition of "restricted" or "net investments in capital assets."

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

Nonspendable Fund Balance

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Board of Aldermen has the highest level of decision making authority for the City of Milford. In order for the City to establish, modify or rescind a fund balance commitment, the Mayor must make a recommendation to the Board of Aldermen, which has final authority. The Board of Aldermen is required to vote upon and approve a resolution to establish, modify or rescind a fund balance commitment.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board (Board of Alderman) or a body or official (Director of Finance) that has been delegated authority to assign amounts by the City Charter.

Unassigned Fund Balance

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Prior to February 1, the Mayor and the Board of Education submit proposed budgets for their respective shares of the General Fund to the Board of Finance. Prior to April 1, the Board of Finance submits to the Board of Aldermen the proposed fiscal budget. The Board of Aldermen then holds hearings on the Board of Finance's proposed budget. The Board of Aldermen may reduce or delete any item contained in the Board of Finance's budget by a simple majority. The Board of Aldermen may increase or add to any item in the Board of Finance budget by a two-thirds vote. The Board of Aldermen adopts the budget for the following fiscal year and sets the mill rate. This budget, at the department level, becomes the legal level of control. For management purposes, the Mayor is authorized to transfer budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Additional appropriations of \$568 were approved during the fiscal year.

All unencumbered appropriations lapse at year-end, except those for Capital Projects and Special Revenue Funds. Appropriations for these funds are continued until completion of applicable projects, which generally extend more than one fiscal year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as assigned or committed fund balance, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental fund types. For GAAP purposes, encumbrances outstanding at the year-end are reported as an assignment or commitment of fund balance since they do not constitute expenditures or liabilities.

**CITY OF MILFORD, CONNECTICUT
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 JUNE 30, 2015**

(In Thousands)

The major difference between the budgetary and GAAP basis of accounting is:

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year whereas they are shown as an assigned fund balance on a GAAP basis of accounting.
- In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City reports on-behalf contributions made by the State of Connecticut to the Connecticut State Teachers' Retirement System as revenue and expenditures for GAAP purposes.
- At the end of each fiscal year, the Board of Education's summer payroll is charged to the subsequent year's budget. As these expenditures should be accrued, this adjustment is necessary to properly record expenditures on a GAAP basis.

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2015:

	<u>Amount</u>
Major:	
School Facilities Fund	\$ 11,848
Sanitary Sewer Fund	4,216
Nonmajor:	
School Renovations	174

These deficits will be reduced or eliminated through the receipt of grant funds, permanent financing or future transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$48,655 of the City’s bank balance of \$52,401 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 45,798
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>2,857</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 48,655</u></u>

Cash Equivalents

At June 30, 2015, the City’s cash equivalents amounted to \$53,341. The following table provides a summary of the City’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAA/m
Money market funds *	

*Not rated

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

Investments

As of June 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing					
Asset-backed securities	NR	\$ 13,128	\$	\$ 1,135	\$ 11,993
Treasury notes	AAA	11,731	3,660	2,761	5,310
Corporate bonds	AA+	-			
Corporate bonds	A+ to A-	7,639		4,694	2,945
Corporate bonds	BBB+ to BBB-	242		242	
Corporate bonds	BB+ to BB-	7			7
Corporate bonds	B+ to B-	16,402	457	15,477	468
Foreign bonds	B-	600		600	
Certificates of deposit	*	237	120	117	
Total		49,986	\$ <u>4,237</u>	\$ <u>25,026</u>	\$ <u>20,723</u>
Other investments:					
Equities		157,681			
Alternative investments		106,412			
Mutual funds		<u>5,533</u>			
Total Investments		\$ <u>319,612</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The City has no formal investment policy that would further limit its investment choices.

Concentration of Credit Risk

The City has no policy limiting an investment in any one issuer that is in excess of 5% of the City's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2015, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Fund</u>	<u>Milford Golf Course</u>	<u>Nonmajor and Aggregate Remaining Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 13,956	\$ 193	\$	\$	\$ 14,149
Accounts	190		24	722	936
Special assessments	89				89
Intergovernmental	488			242	730
Gross receivables	<u>14,723</u>	<u>193</u>	<u>24</u>	<u>964</u>	<u>15,904</u>
Less allowance for uncollectibles:	<u>(1,149)</u>				<u>(1,149)</u>
Net Total Receivables	<u>\$ 13,574</u>	<u>\$ 193</u>	<u>\$ 24</u>	<u>\$ 964</u>	<u>\$ 14,755</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 36,578	\$ 371	\$	\$	\$ 36,949
Construction in progress	133,949	10,471		(14,093)	130,327
Total capital assets not being depreciated	<u>170,527</u>	<u>10,842</u>	<u>-</u>	<u>(14,093)</u>	<u>167,276</u>
Capital assets being depreciated:					
Buildings and improvements	166,960			5,188	172,148
Improvements other than buildings	3,596	172		4,178	7,946
Machinery and equipment	38,737	1,790	(1,654)	4,149	43,022
Infrastructure	101,830			306	102,136
Total capital assets being depreciated	<u>311,123</u>	<u>1,962</u>	<u>(1,654)</u>	<u>13,821</u>	<u>325,252</u>
Less accumulated depreciation for:					
Buildings and improvements	(61,375)	(2,650)			(64,025)
Improvements other than buildings	(1,251)	(249)			(1,500)
Machinery and equipment	(29,879)	(1,982)	1,654		(30,207)
Infrastructure	(45,271)	(861)			(46,132)
Total accumulated depreciation	<u>(137,776)</u>	<u>(5,742)</u>	<u>1,654</u>	<u>-</u>	<u>(141,864)</u>
Total capital assets being depreciated, net	<u>173,347</u>	<u>(3,780)</u>	<u>-</u>	<u>13,821</u>	<u>183,388</u>
Governmental Activities Capital Assets, Net	<u>\$ 343,874</u>	<u>\$ 7,062</u>	<u>\$ -</u>	<u>(272)</u>	<u>\$ 350,664</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,654	\$	\$	\$	\$ 1,654
Capital assets being depreciated:					
Buildings and system	468			272	740
Improvements other than buildings	1,230				1,230
Machinery and equipment	693				693
Total capital assets being depreciated	<u>2,391</u>	<u>-</u>	<u>-</u>	<u>272</u>	<u>2,663</u>
Less accumulated depreciation for:					
Buildings and system	(283)	(13)			(296)
Improvements other than buildings	(157)	(6)			(163)
Machinery and equipment	(480)	(17)			(497)
Total accumulated depreciation	<u>(920)</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>(956)</u>
Total capital assets being depreciated, net	<u>1,471</u>	<u>(36)</u>	<u>-</u>	<u>272</u>	<u>1,707</u>
Business-Type Activities Capital Assets, Net	\$ <u>3,125</u>	\$ <u>(36)</u>	\$ <u>-</u>	<u>272</u>	\$ <u>3,361</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 81
Administration	163
Public safety	1,400
Public service	2,324
Education	1,537
Health and welfare	167
Grants to agencies	70
Total Depreciation Expense - Governmental Activities	\$ <u>5,742</u>
Business-type activities:	
Milford Golf Course	\$ 16
Harbor Management	20
Total Depreciation Expense - Business-Type Activities	\$ <u>36</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions. At June 30, 2015, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Nonrecurring	General Fund	\$ 626
General Fund	Capital Nonrecurring	664
General Fund	Nonmajor Governmental	82
General Fund	Sanitary Sewer	260
General Fund	School Facilities	381
General Fund	Sewer Use	171
General Fund	Internal Service	14
Internal Service	Nonmajor Governmental	23
Internal Service	General Fund	47
Internal Service	Sewer Use	69
Nonmajor Governmental	General Fund	87
Sewer Use	General Fund	<u>155</u>
Total		<u>\$ 2,579</u>

Interfund transfers:

	<u>Transfers In</u>			<u>Total Transfer Out</u>
	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental</u>	<u>Health Insurance</u>	
Transfers out:				
General Fund	\$ 697	\$ 547	\$ 20	\$ 1,264
Milford Golf Course	10			10
Sewer Use Fund	<u>90</u>			<u>90</u>
Total	<u>\$ 797</u>	<u>\$ 547</u>	<u>20</u>	<u>\$ 1,364</u>

General Fund transfers are made in accordance with budget appropriations and authorized allocation transfers. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

7. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2015 amounted to \$123,580 with interest rates ranging from 2.0% to 4.0% on bonds maturing at various dates through the year 2035. Grants receivable to offset future City principal payments totaled \$488 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$35,330 at June 30, 2015. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 119,490	\$ 29,130	\$ (25,040)	\$ 123,580	\$ 8,910
Bond premium	1,376	3,004	(229)	4,151	
Total bonds payable	<u>120,866</u>	<u>32,134</u>	<u>(25,269)</u>	<u>127,731</u>	<u>8,910</u>
Long-term note payable	35,400		(2,111)	33,289	2,144
Claims and judgments	4,411	547		4,958	4,958
Compensated absences	19,043	48	(4,710)	14,381	935
Net pension liability		37,817		37,817	
Net OPEB obligation	<u>118,240</u>	<u>14,230</u>		<u>132,470</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 297,960</u>	<u>\$ 84,776</u>	<u>\$ (32,090)</u>	<u>\$ 350,646</u>	<u>\$ 16,947</u>

The following is a schedule of long-term debt maturity:

	<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 8,910	\$ 4,196	\$ 13,106	
2017	9,180	3,899	13,079	
2018	8,970	3,587	12,557	
2019	8,630	3,257	11,887	
2020	8,465	2,915	11,380	
2021-2025	37,875	9,915	47,790	
2026-2030	29,110	4,326	33,436	
2031-2035	<u>12,440</u>	<u>755</u>	<u>13,195</u>	
Total	<u>\$ 123,580</u>	<u>\$ 32,850</u>	<u>\$ 156,430</u>	

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Long-Term Note Payable

The City has several State of Connecticut Clean Water serial notes outstanding. The interest rate is 2% and the notes are payable through May 31, 2029. The principal and interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,144	\$ 644	\$ 2,788
2017	2,188	604	2,792
2018	2,232	554	2,786
2019	2,278	513	2,791
2020	2,324	466	2,790
2021-2025	12,343	1,613	13,956
2026-2029	<u>9,780</u>	<u>391</u>	<u>10,171</u>
Total	\$ <u>33,289</u>	\$ <u>4,785</u>	\$ <u>38,074</u>

General Obligation Bonds - Advance Bond Refunding

On December 17, 2014, the City issued \$14,935 in general obligation bonds, with an average interest rate of 4.00% to refund outstanding bonds with an average rate of 4.5%. The bonds refunded were as follows: \$3,300 of outstanding 2007 general obligation bonds, \$6,750 of outstanding 2009 general obligation bonds and \$6,040 of outstanding 2009 Series B general obligation bonds. The net proceeds of \$17,312 (after payment of issuance costs of \$150) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The transaction generated a cash flow savings of \$729 and a present value savings of \$645. The outstanding balance of the defeased bonds as of June 30, 2015 is \$16,090 and the escrow balance is \$17,036.

Prior Year Defeasance of Debt

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2015 is \$2,340 and the escrow balance is \$2,444.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Bond Anticipation Notes

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2015.

	<u>Amount</u>
Notes payable, July 1, 2014	\$ 21,526
Notes issued	27,380
Notes retired	<u>(31,516)</u>
Notes Payable, June 30, 2015	<u>\$ 17,390</u>

During the year, the City issued \$9,990 in notes dated November 10, 2014, which matured May 8, 2015 and carried an interest rate of 1%. The City also issued notes on November 10, 2014 in the amount of \$1,810 with a maturity date of November 9, 2015 and interest rate of 1.25%. On May 8, 2015 the City issued \$15,580 in notes that mature on November 9, 2015 and carry an interest rate of 1%. These notes serve as temporary financing for various general purpose, school and sewer projects.

Other Obligations

At June 30, 2015, the dollar value of City employees' and Board of Education employees' accumulated vacation and sick time has been valued using the vesting methods outlined in GASB Statement No. 16. These obligations are typically funded by the General Fund.

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 386,044	\$ 62,546	\$ 323,498
Schools	772,088	57,959	714,129
Sewers	643,406	88,596	554,810
Urban renewal	557,619		557,619
Pension deficit	514,725		514,725

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,201,025).

The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School indebtedness is net of \$488 of State of Connecticut school building grant commitments.

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

8. RISK MANAGEMENT

The City and the Board of Education are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. For FY2015, the City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability, and Educators' Liability were insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$-0- for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$1,000. The Board of Education insures its Workers' Compensation with CIRMA.

The Property/Inland Marine Insurance and Boiler and Machinery Insurance are with CIRMA Insurance. The policy has a deductible of \$50,000. There is \$20,000,000 of coverage for flood damage under this policy. Flood Zones A and V have a deductible of \$1,000,000. The City has purchased coverage from the National Flood Program to cover this deductible. The National Flood Program has a maximum deductible of \$25,000.

All City deductibles and premiums for the City portion of insurance are paid from the City's Property and Casualty Self Insurance Fund. The Board of Education pays for its premiums and deductibles from its operations budget.

The Property and Casualty Self Insurance Fund is an internal service fund that was established by the Board of Aldermen in April 2003 along with a self-insurance program for property and casualty insurance. This fund pays for claims that occurred between April 23, 2003 and June 30, 2008. The General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability and Educator's Liability were self-insured for the first \$250 thousand dollars of each claim. There is still one claim open from this period. The City and Board of Education did not have any claims that exceeded insurance coverage in the past three years.

The claims liability reported in the Internal Service Fund at June 30, 2015 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

	<u>Liability July 1,</u>		<u>Current Year Claims</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
06/30/14	\$ 221	\$	1,279	\$	1,287	\$	213
06/30/15	213		1,306		1,253		266

The Workers' Compensation Internal Service Fund is used to account for and finance workers' compensation costs for City employees and City Grant Agency employees. Contributions to the Workers' Compensation Fund from the General Fund are made based upon actuarial calculations. Payments are made by Grant Agencies and the Sewer Fund based upon NCCI rates based on payroll.

The City carries an Excess Workers' Compensation Policy with Safety National Casualty Corporation with a self-insured retention per occurrence of \$500,000. The City and Board of Education did not have any claims that exceeded insurance coverage in the past three years.

The General Fund will be used to cover any uninsured risks of loss.

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Changes in the claims liability for the years ended June 30, 2015 and 2014 were as follows:

	<u>Liability July 1,</u>		<u>Current Year Claims</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
06/30/14	\$ 2,036	\$	1,185	\$	1,023	\$	2,198
06/30/15	2,198		1,854		1,500		2,552

The Health Insurance Service Fund is used to account for and finance indemnity medical coverage for eligible City, Board of Education and City Grant Agency employees and dependents, and prior employees and dependents entitled to continue participation in the City's plan under the provisions of COBRA. For the year ended June 30, 2015, the annual limit on individual medical claims chargeable to the Fund is \$100,000. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes General Fund contributions to the Health Insurance Fund based on budgeted amounts, which, in conjunction with estimated Grant contributions, total the year's estimated expected losses. Employee and applicable retirees under age 65 also make contributions to the fund through premium cost share. The City and Board of Education did not have any claims that exceeded insurance coverage in the past three years.

Changes in the claims liability for the years ended June 30, 2015 and 2014 were as follows:

	<u>Liability July 1,</u>		<u>Current Year Claims</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
06/30/14	\$ 1,753	\$	35,551	\$	35,304	\$	2,000
06/30/15	2,000		34,329		34,189		2,140

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan Descriptions and Benefits Provided

The City of Milford is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its full-time employees other than teachers who are covered by the Retirement System - State Teachers Retirement Board. The Retirement System is considered to be part of the City of Milford's financial reporting entity and is included in the City's financial reports as a pension trust fund. The City does not issue stand-alone financial statements for the Pension Trust Fund.

Management of the Retirement System rests with the Pension and Retirement Board, which consists of 24 members, who are appointed by the Board of Aldermen.

Benefits vest after 10 years for General City members (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers); there is no vesting for Police and Fire members. Except for Police and Fire, members who retire after age 60 with 10 years of service (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers) or the age at which the sum of age and service equal 80 (79 for non-represented members and Board of Education Contract Secretaries) are entitled to an

**CITY OF MILFORD, CONNECTICUT
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 JUNE 30, 2015**

(In Thousands)

annual retirement benefit, payable monthly for life, in an amount equal to 2% or 2-1/4% of their final average salary for each year of credited service. Police and Fire members who retire after 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 45% times average annual pay plus 2% times average annual pay times credited service over 20 years. Supplemental benefits for Police members who were hired prior to April 6, 1989 and Fire members are based on 1/2 of salary increases given to members in the grade that the member was in at the time of retirement.

Final average salary is the average of the 2 or 3 highest fiscal years compensation. General city members with 10 years of service (5 years for Public Works, Custodians and Cafeteria Workers) may retire at or after age 50 and receive a reduced benefit. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions with interest thereon are refunded. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The surviving spouse of a Fire active member or retiree who retired after November 1, 1988 receives a fixed pension supplement equal to 50% of average annual pay at death or retirement, payable monthly for life. The surviving spouse of a Police active member or retiree who retired after June 29, 2001 receives a fixed pension supplement equal to 50% of average annual pay at death or retirement, payable monthly for life.

Membership in the plan consisted of the following at July 1, 2014:

	City of Milford Retirement System
Retirees and beneficiaries receiving benefits	750
Terminated employees entitled to benefits but not yet receiving them	19
Active plan members	703
	<hr/>
Total	1,472
	<hr/> <hr/>

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as per statutory or contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS. All administrative costs are financed through investment earnings.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Plan Changes

The City benefits reflect the 2012 ad-hoc COLA that was approved effective May 1, 2013. The change increased the City cost about \$140,000.

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Changes in Actuarial Methods and Assumptions

The investment return assumption has been changed from 8.00% to 7.75%, net of investment expenses. This change increased costs for the City, Fire, and Police approximately \$0.5, \$0.3, and \$0.1 million respectively.

A. City of Milford Retirement System

General City members are required to contribute 2.25% of annual compensation up to \$4,200 plus 5% of compensation in excess of \$4,200 (4% of compensation in excess of \$4,200 for MEA and MSA members and non-represented members with 15 or more years of service). Fire employees hired on or before January 31, 2015 shall contribute 8% of annual salary; upon reaching 15 years of service, the contribution requirement is 7% and at the 25 year contribution is 6%. Fire employees hired on or after February 1, 2015 shall contribute 10%. Police employees hired prior to February 2, 1995 are required to contribute 5% of annual salary; at 20 years of service contribution is 4.5%. Police employees hired on or after February 2, 1995 but prior to November 22, 2014 are required to contribute 8%. Police employees hired on or after November 22, 2014 are required to contribute 10%. The contributions by employees are determined by collective bargaining. The City is required by ordinance to contribute the remaining amounts necessary to provide benefits for the members.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension 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 pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	25.00%
US Mid/Small Cap Equity	15.00%
International Developed Equity	10.00%
International Emerging Market Equity	5.00%
Core Fixed Income	25.00%
High Yield Fixed Income	2.50%
International Fixed Income	2.50%
REITs	5.00%
Other (hedge fund, etc.)	10.00%
	<u>100.00%</u>

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.62%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability at June 30, 2015, were as follows:

Total pension liability	\$ 373,063
Plan fiduciary net position	<u>335,246</u>
Net pension liability	<u>\$ 37,817</u>
Plan fiduciary net position as a percentage of the total pension	89.86%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Age related table
Investment rate of return	7.75%
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1989 - 3%/annum

Mortality rates were based on the RP-2000 Fully Projected Mortality Table with male and female rates and separate tables for employees and annuitants. The actuarial method used for calculating the total pension liability was the Entry Age Normal cost method.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2011.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

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 as of June 30, 2015 (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>
US Large Cap Equity	4.75%
US Mid/Small Cap Equity	5.50%
International Developed Equity	5.25%
International Emerging Market Equity	6.00%
Core Fixed Income	2.00%
High Yield Fixed Income	3.25%
International Fixed Income	2.50%
REITs	5.00%
Other (hedge fund, etc.)	5.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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 City 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. The discount rate was changed from 8.0% since the prior measurement date.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2014	\$ 353,977	\$ 354,294	\$ (317)
Changes for the year:			
Service cost	7,299		7,299
Interest on total pension liability	27,998		27,998
Changes in benefit terms	(1,759)		(1,759)
Differences between expected and actual experience	(908)		(908)
Changes in assumptions	9,513		9,513
Employer contributions		3,925	(3,925)
Member contributions		2,332	(2,332)
Net investment income		(2,192)	2,192
Benefit payments, including refund to employee contributions	(23,057)	(23,057)	-
Administrative expenses		(76)	76
Other changes		20	(20)
Net changes	<u>19,086</u>	<u>(19,048)</u>	<u>38,134</u>
Balances as of June 30, 2015	\$ <u>373,063</u>	\$ <u>335,246</u>	\$ <u>37,817</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	City Net Pension Liability	\$ 79,252	\$ 37,817

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$11,093. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 746
Changes of assumptions	7,814	
Net difference between projected and actual earnings on pension plan investments	<u>23,898</u>	
Total	<u>\$ 31,712</u>	<u>\$ 746</u>

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

Year Ending June 30,

2016	\$	7,512
2017		7,512
2018		7,511
2019		7,511
2020		920

B. State of Connecticut Police and Fire Survivors' Plan

The City makes monthly contributions to the State Survivors' Plan based upon an amount invoiced by the State. The State Survivors' Plan makes monthly payments to the surviving spouses of police and fire retirees. The City has no information concerning payments made by or the funding status of this plan. City contributions for the year ended June 30, 2015 were \$479.

C. Connecticut State Teachers' Retirement System

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

**CITY OF MILFORD, CONNECTICUT
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Benefit Provisions

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

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**CITY OF MILFORD, CONNECTICUT
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JUNE 30, 2015**

(In Thousands)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>131,584</u>
Total	\$	<u><u>131,584</u></u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the City recognized pension expense and revenue of \$9,872,570 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	4.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	4.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

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

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

The City's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

**CITY OF MILFORD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

10. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

In addition to the pension benefits, all City employees retiring under the City of Milford Retirement Plan are provided postemployment benefits. Individual stand-alone statements are not issued. Effective July 1, 2011, the City established the OPEB Trust Fund, which converted the existing balance in the OPEB fund to the Trust. The City continues to make annual contributions to the OPEB Trust Fund. This trust fund was opened for the purpose of segregating balances for postemployment benefits. All related activity is now shown in the newly established OPEB Trust Fund. The level of these benefits is determined by contract for all union employees and by a City ordinance for all non-represented employees. Per contracts and ordinances, the City will pay a portion of the cost of these benefits. Benefits provided are as follows: 1) for retirees under 65, the City must currently provide Blue Cross/Blue Shield hospitalization, medical/surgical, prescription drug and major medical coverage's (varying deductibles) with coverages provided to both the retired employee and eligible dependents; 2) for retired employees and their eligible dependents, the City must provide Blue Cross/Blue Shield 65 coverage and also reimburse the Medicare Part B premium for each eligible retiree and retiree spouse eligible for Medicare; 3) the City also provides life insurance coverage based on union contracts. Health care costs are as follows:

Pre-65:	
General City	\$11,129 per year
Fire	\$10,807 per year
Police	\$10,807 per year
Post-65:	
BC 65 Low Option	\$1,532 per year
Plan 82	\$2,565 per year
Medicare Part B:	
Actives	\$1,379 per year
Retirees	\$1,259 per year

Board of Education

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers: Prior to age 65 retiree and spouse pay full premium minus the Teachers' Retirement Board subsidy (eligible if receiving a retirement allowance from the Teacher's Retirement Board). Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy. Effective September 1, 2014, Board of Education pays the premium for insurance obtained through the Teachers' Retirement board for the participant only.

Para-professionals: Retiree and spouse pay 50% of premium at age 60 with 15 years of service. No benefits after age 65.

Custodians: No cost to retiree or spouse until age 65 if at least age 60 with 10 years of service at retirement. At age 65, retiree and spouse must pay for prescription and dental coverage if elected.

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Secretaries: No cost to retiree or spouse if retiree is at least 60 with 10 years of service at retirement or age plus service equals 79. (Note: Rule of 79 also applies to custodians and cafeteria workers.) If employee was hired after June 30, 2002, retiree and spouse pay same cost share as active employees until age 65.

Cafeteria Workers: No cost to retiree or spouse until age 65 if employee is at least age 60 with 10 years of service at retirement. At age 65, retiree and spouse must pay for prescription and dental coverage if elected.

Administrators: If retired before age 65, must be receiving retirement allowance from the Teachers' Retirement Board to qualify for benefits. No cost to retiree or spouse if the percentage of premium that the employee pays prior to retirement is less than the Teachers' Retirement Board subsidy. If cost is greater than the subsidy, retiree pays the difference. If subsidy is eliminated, retiree pays percentage of cost in effect at time of retirement. At age 65, there is no cost to the retiree or spouse for medical insurance. Retirement date on or after July 1, 2010, retiree and spouse must pay for dental coverage, regardless of age.

The Board provides Medicare Part A and B supplemental coverage and life insurance for retirees over 65. The Board of Education does not provide any financial assistance to those teachers who retire prior to age 65. The State Teachers' Retirement Board provides a \$110 (single) and/or \$220 (two-person) per month per employee as a subsidy to offset the post-employment costs. Life insurance is provided to Union employees as follows: Administrators 100% of salary; Teacher 50% of salary; support or non-certified staff \$10,000 or less. The Life Insurance Amount is fixed and does not get adjusted for inflation, cost of living, or any other index. Health care costs are as follows:

Pre-65 (for current active members who retire):	<u>As of July 1, 2014:</u>
Board of Ed-Café	\$11,774 per year
Board of Ed-Cust	\$10,915 per year
Board of Ed-Sec	\$10,848 per year
Board of Ed-Para	\$10,936 per year
Administrators	\$10,565 per year
Teachers	\$10,936 per year
Pre-65 (for current retirees who are under 65):	
Based on plan selected	
Post-65 (for current active members who retire and current retirees who are over 65):	<u>As of 1/1/15:</u>
Plan 82 only	\$1,022 per year
Hi Option with Plan 82 and Major Medical (\$50,000)	\$4,825 per year
Hi Option with Plan 82 and Major Medical (\$250,000)	\$4,949 per year
Hi Option with Plan 82 and No Rx	\$2,344 per year
Plan F with Rx	\$6,941 per year
Medicare Part B:	
Retirees	\$1,259 per year
Post-65 (for current retirees who are under 65):	
Based on plan selected - Dental plan	\$513 per year

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

B. Membership

Membership in the plan consisted of the following at July 1, 2014:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	584	519
Number of active participants	957	521
Total	<u>1,541</u>	<u>1,040</u>

C. Description of Actuarial Assumptions and Methods

Actuarial calculations reflect a long-term perspective. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events into the future. Actuarially determined amounts are subject to continual revision, as results are compared to past expectations and new estimates are made about the future. Calculations are based on benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The following is a summary of certain significant actuarial assumptions and other PERS information:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Plan
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years - open	30 years - open
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

Medical Trend Rates

Board of Education and City retirees

9% in 2014, reducing by 0.5% each year to a final 5% per year rate for 2022 and later for pre-age 65 plans. 8% in 2014, reducing by 1.0% each year to a final 5% per year rate for 2017 and later for post-age 65 plans.

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Retirement Assumptions

City

General City: Age 62 or completion of 10 years of service if later, minimum age on valuation date plus one year.

Fire: 20 years of service, minimum age 53, maximum age 60, minimum age on valuation date plus one year.

Police: 20 years of service, minimum age 45, maximum age 60, minimum age on valuation date plus one year.

Board of Education

Cafeteria Workers, Custodians, Secretaries: age 50 with 10 years of service, minimum age on valuation date plus one year.

Teachers and Administrators: age 60 with 10 years of service or age 55 with 20 years of service, minimum age on valuation date plus one year.

Para-professionals: age 60 with 15 years of service, minimum age on valuation date plus one year.

D. Annual OPEB Cost and Net OPEB Obligations

The City and Board of Education’s annual OPEB cost and net OPEB obligation for the current year was as follows:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Annual required contribution	\$ 14,781	\$ 12,455
Interest on net OPEB obligation	3,216	2,696
Adjustment to annual required contribution	<u>(3,985)</u>	<u>(3,341)</u>
Annual OPEB cost	14,012	11,810
Contribution made	<u>5,094</u>	<u>6,498</u>
Increase in net OPEB obligation	8,918	5,312
Net OPEB obligation, July 1, 2014	<u>64,310</u>	<u>53,930</u>
Net OPEB obligation, June 30, 2015	<u>\$ 73,228</u>	<u>\$ 59,242</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(In Thousands)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 is presented below.

	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
Board of Education				
6/30/13	\$ 13,860	\$ 3,741	27.0%	\$ 53,877
6/30/14	13,863	3,429	27.7%	64,310
6/30/15	14,012	5,094	36.4%	73,228
City				
6/30/13	\$ 14,297	\$ 6,425	44.9%	\$ 48,671
6/30/14	11,666	6,407	54.9%	53,930
6/30/15	11,810	6,498	55.0%	59,242

Schedule of Employer Contributions

<u>Board of Education</u>		
<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/10	\$ 12,414	22.2%
6/30/11	13,035	27.8
6/30/12	13,698	29.0
6/30/13	14,383	26.0
6/30/14	14,507	23.6
6/30/15	14,781	34.5
<u>City</u>		
<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/10	\$ 14,070	35.4%
6/30/11	14,773	34.4
6/30/12	14,081	57.6
6/30/13	14,785	43.4
6/30/14	12,248	52.3
6/30/15	12,455	52.2

**CITY OF MILFORD, CONNECTICUT
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(In Thousands)

Schedule of Funding Progress

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

City

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll ((b-a)/c)</u>
7/1/10	\$ -	\$ 133,711	\$ 133,711	-	\$ 32,996	405.0%
7/1/12	2,232	129,798	127,565	1.72%	34,856	366.0%
7/1/14	4,090	126,084	121,994	3.24%	35,442	344.0%

Board of Education

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll ((b-a)/c)</u>
7/1/10	\$ -	\$ 131,639	\$ 131,639	-	\$ 62,165	212.0%
7/1/12	-	142,358	142,358	-	61,276	232.3%
7/1/14	-	145,420	145,420	-	57,803	251.6%

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

11. PENSION AND OPEB TRUST FUNDS COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	<u>Pension Trust Funds</u>	<u>City OPEB Trust Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 20,538	\$ 23	\$ 20,561
Investments:			
Certificate of deposits			
Corporate bonds	24,290		24,290
Foreign bonds	600		600
U.S. government obligations	11,731		11,731
Marketable equity securities	157,681		157,681
Asset backed securities	13,128		13,128
Alternative investments	106,412		106,412
Mutual funds	927	4,606	5,533
Total investments	<u>314,769</u>	<u>4,606</u>	<u>319,375</u>
Receivables	<u>19</u>		<u>19</u>
Total assets	335,326	4,629	339,955
Liabilities:			
Accounts and other payables	<u>80</u>		<u>80</u>
Net Position:			
Held in Trust for Retirement Benefits	<u>\$ 335,246</u>	<u>\$ 4,629</u>	<u>\$ 339,875</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

Combining Schedules of Changes in Net Position - Trust Funds

	Pension Trust Funds	City OPEB Trust Fund	Total
Additions:			
Contributions:			
Plan members	\$ 3,925	\$	\$ 3,925
Employer-current year	2,332	11,592	13,924
Employer-additional		502	502
Total contributions	<u>6,257</u>	<u>12,094</u>	<u>18,351</u>
Miscellaneous	<u>20</u>		<u>20</u>
Investment income:			
Net change in fair value of investments	(20,519)	(174)	(20,693)
Interest and dividends	<u>21,064</u>	<u>224</u>	<u>21,288</u>
	545	50	595
Less investment expense	<u>2,737</u>	<u>14</u>	<u>2,751</u>
Net investment gain (loss)	<u>(2,192)</u>	<u>36</u>	<u>(2,156)</u>
Total additions	<u>4,085</u>	<u>12,130</u>	<u>16,215</u>
Deductions:			
Benefit payments and withdrawals	23,057	11,591	34,648
Administration	<u>76</u>		<u>76</u>
Total deductions	<u>23,133</u>	<u>11,591</u>	<u>34,724</u>
Net Change	(19,048)	539	(18,509)
Net position held in trust, beginning of year	<u>354,294</u>	<u>4,090</u>	<u>358,384</u>
Net Position Held in Trust, End of Year	<u>\$ 335,246</u>	<u>\$ 4,629</u>	<u>\$ 339,875</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(In Thousands)

12. FUND BALANCE

Significant encumbrances at June 30, 2015 are contained in the table below in both the assigned and committed categories of the General Fund.

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$	\$	\$	\$	\$	\$ 28	\$ 28
Prepays	21		13				34
Restricted for:							
Grants						468	468
Committed to:							
Capital projects		4,616	2,603				7,219
General government	1,055					5,618	6,673
Education						1,928	1,928
Debt service						3,743	3,743
Assigned to:							
Subsequent year's budget	3,500						3,500
Debt service	465						465
Encumbrances:							
General government	668						668
Public safety	380						380
Public services	324						324
Health and welfare	28						28
Education	2,331						2,331
Unassigned	<u>16,336</u>			<u>(4,216)</u>	<u>(11,848)</u>	<u>(174)</u>	<u>98</u>
Total Fund Balances	<u>\$ 25,108</u>	<u>\$ 4,616</u>	<u>\$ 2,616</u>	<u>\$ (4,216)</u>	<u>\$ (11,848)</u>	<u>\$ 11,611</u>	<u>\$ 27,887</u>

13. CONTINGENT LIABILITIES (AMOUNTS NOT ROUNDED)

On June 30, 2005, the City and Milford Power Company, LLC (the MPC) entered into a Property Tax Payment Agreement. The MPC withdrew its assessment appeals for Grand Lists of 2001, 2002, 2003, and 2004. The assessment had been \$183,073,530 generating over \$5,000,000 in taxes. (The assessment and the taxes would have significantly decreased in future years due to depreciation of the personal property.) In return, the City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2015. Payments will be made in July and January of each fiscal year. The payment schedule was \$1,687,500 for each six-month period from July 2005 through January 2009. Payments were \$1,875,000 for each six-month period from July 2009 through January 2011 and will be \$1,750,000 for each six-month period from July 2011 through January 2015. The MPC made the July 2014 and January 2015 payments and is up to date with all their payments.

The City also entered into a Water Access Agreement with the MPC. The MPC opted to terminate that agreement and the City began reimbursing the MPC a total of \$1,300,000 commencing in July 2009. This will be accomplished by reducing by \$325,000 the scheduled July payment disclosed above each year for four years from July 2009 through July 2012.

**CITY OF MILFORD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

(In Thousands)

As a result of the Property Tax Payment Agreement, the Assessor issued a certificate of correction in June 2005 removing the \$183,073,530 from the Grand List of 2004. Since this occurred after the October 1, 2004 Grand List was signed, the reduction does not appear in any of the Grand List 2004 figures, including the Net Taxable Grand List (shown as \$3,999,996,598) in the Property Tax Levies and Collections. The Adjusted Annual Levy of \$122,782,000 does reflect the reduction.

On June 24, 2013, the City settled a tax appeal with the Connecticut Post Mall Limited Partnership. Under this settlement, the City lowered its real property assessment for the 2012 Grand List from \$147,529,970 to \$133,000,000. Additionally, the City adjusted its 2011 assessment to \$133,000,000. This resulted in a total credit due to the Partnership of \$752,764. By terms of the court-approved settlement, the credit will be given to the Partnership over two fiscal years in the form of a credit tax bill, which began in July 2013 and ended in July 2014.

On June 28, 2010, the City entered into a Property Tax Payment Agreement with GenConn Devon LLC. The City accepted a 30-year payment schedule calling for annual payments in lieu of taxes to be made to the City through May 1, 2040. Payment amounts are as follows: 06/30/2010 - \$ 500,000; 05/01/2011 - \$2,500,000; 05/01/2012 - \$3,000,000; 05/01/2013 through 05/01/2040 - \$2,025,000. GenConn is up to date with all their payments.

There are various lawsuits and claims pending against the City's various Boards and Departments, none of which, individually or in the aggregate, is believed by counsel to be likely to result in a judgment or judgments which would seriously affect the City's financial position.

The City has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under the terms of the grant. Based on prior experience, City management believes that such disallowances, if any, will not be material.

14. SUBSEQUENT EVENT

On November 9, 2015, the City issued \$8,350 of general obligation bonds and \$13,360 and \$2,580 of bond anticipation notes maturing November 1, 2035, May 9, 2016 and November 7, 2016, respectively. The general obligation bonds and bond anticipation notes carry interest rates of 2.0-5.0% and 1.0%, respectively.

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27:

Net position at June 30, 2014, as previously reported	\$ 94,805
Adjustments:	
Eliminate net pension assets reported per GASB No. 27	(21)
Record net pension asset per GASB No. 68	317
	<u>317</u>
Net Position at July 1, 2014, as Restated	<u>\$ 95,101</u>

**Required Supplementary
Information**

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Property Taxes and Assessments:				
Current taxes	\$ 168,577	\$ 168,577	\$ 170,447	\$ 1,870
Personal property audit	100	100	241	141
Prior year's levies	1,700	1,700	1,100	(600)
Flood and erosion assessments	71	71	43	(28)
Suspense collections	8	8	28	20
Total general property taxes and assessments	<u>170,456</u>	<u>170,456</u>	<u>171,859</u>	<u>1,403</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,200</u>	<u>1,200</u>	<u>1,199</u>	<u>(1)</u>
Federal, State and Local Governments:				
Other State grants	100	100	100	-
School transportation aid - State	260	260	266	6
Education cost sharing	11,382	11,382	11,412	30
State realty in lieu of tax	556	556	556	-
Pequot State Aid	399	399	399	-
Elderly tax credit	460	460	470	10
Total disability exemptions			6	6
PILOT - private exemptions	456	456	448	(8)
Veteran grants	155	155	150	(5)
School debt - interest	29	29	29	-
School debt - principal	258	258	258	-
Telephone access grant	105	105	107	2
Shellfish Taxes	2	2	3	1
State aid for health	112	112	107	(5)
OTB Wagering Share	75	75	70	(5)
Total federal, state and local government	<u>14,349</u>	<u>14,349</u>	<u>14,381</u>	<u>32</u>
Investment Income:				
Investments in idle funds	13	13	39	26
Rental of other property	46	46	50	4
Total investment income	<u>59</u>	<u>59</u>	<u>89</u>	<u>30</u>

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Revenue:				
Rental of school property	\$ 12	\$ 12	\$ 11	\$ (1)
PILOT - Water Authority	432	432	427	(5)
Power Plant Settlement	3,500	3,500	3,500	-
Genconn PT	2,025	2,025	2,025	-
Miscellaneous other revenues	4	4	106	102
Inland wetland fees	2	2	8	6
Total other revenue	<u>5,975</u>	<u>5,975</u>	<u>6,077</u>	<u>102</u>
Licenses, Permits and Other Charges:				
Devices and amusements	19	19	21	2
Vending permits	7	7	9	2
Disposal area licenses	45	45	49	4
Recording documents	355	355	380	25
Conveyance tax	600	600	848	248
General copying fees	75	75	77	2
Fire Department fees	2	2	15	13
Paramedic fees	100	100	210	110
Building inspection fees	625	625	657	32
Police fines and forfeits	60	60	20	(40)
Fingerprinting	12	12	9	(3)
False alarm fees	23	23	24	1
Fire Department false alarm fines	1	1		(1)
Street opening permits	7	7	8	1
Engineering fees	4	4	6	2
Residential waste fees	80	80	103	23
Health inspection fees	73	73	77	4
Planning and zoning fees	28	28	39	11
Zoning appeals fees	8	8	5	(3)
Recreation fees	47	47	58	11
Walnut Beach parking	13	13	17	4
Parking fines judicial	10	10	14	4
Vehicle violations judicial	18	18	34	16
Mobile fee	3	3	2	(1)
Sewer assessments	3	3	19	16
Animal shelter redemption	5	5	6	1
Dog Fund - City share	7	7	12	5

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Other Charges (continued):				
Sale of Other Property	\$	\$	\$ 10	\$ 10
Recycling revenues	65	65	120	55
PILOT - Federal payments	1	1	1	-
Sticker fees	1	1	1	-
Bingo permits share	1	1	1	-
Total licenses, permits and other charges	<u>2,298</u>	<u>2,298</u>	<u>2,852</u>	<u>554</u>
Total revenues	<u>194,337</u>	<u>194,337</u>	<u>196,457</u>	<u>2,120</u>
Other financing sources:				
Use of fund balance	4,000	4,568		
Sale of capital assets			80	80
Total other financing sources	<u>4,000</u>	<u>4,568</u>	<u>80</u>	<u>80</u>
Total Budgeted Revenues and Other Financing Sou	\$ <u>198,337</u>	\$ <u>198,905</u>	196,537	\$ <u>2,200</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			9,873	
Premium on bond issuance			477	
Premium on refunding bonds			2,527	
Proceeds from sale of refunding bonds			14,935	
Encumbrances for purchases and commitments that were subsequently cancelled in the next fiscal year			<u>(48)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>224,301</u>	

CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
General Government:				
Board of Aldermen	\$ 6	\$ 6	\$ 4	\$ 2
Elections	130	130	105	25
Registrar of Voters	147	147	145	2
Milford Govt Access Television	16	16	15	1
Mayor's Office	268	267	266	1
General expenses	435	403	346	57
Community Development Department	114	114	114	-
City Clerk	364	368	363	5
Law Department	607	579	578	1
Ethics Commission	1	1		1
Probate Court	17	17	16	1
Board of Finance	1	1	1	-
Planning and Zoning Board	994	990	901	89
Board of Tax Review	3	3	2	1
Board of Zoning Appeals	11	11	6	5
Pension Board	4	4	4	-
Flood and Erosion Board	1	1	1	-
Tree Commission	2	2	1	1
Park and Recreation Commission	2	2		2
Conservation Commission	1	1		1
Flower memorial commission	6	6	5	1
Public library	1,087	1,087	1,058	29
Total general government	<u>4,217</u>	<u>4,156</u>	<u>3,931</u>	<u>225</u>
Administration:				
Finance Department	1,679	1,652	1,577	75
Data Processing Department	745	745	723	22
Personnel Department	208	208	199	9
Total administration	<u>2,632</u>	<u>2,605</u>	<u>2,499</u>	<u>106</u>
Public Safety:				
Police Department	11,554	11,377	11,046	331
Fire Department	11,285	11,247	11,182	65
Civil Preparedness	95	95	93	2
Animal Control	328	308	282	26
Lighting hydrant water	1,795	1,853	1,848	5
Total public safety	<u>25,057</u>	<u>24,880</u>	<u>24,451</u>	<u>429</u>

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
Public Services:				
Public Works Office	\$ 269	\$ 269	\$ 249	\$ 20
Highway-parks division	2,579	2,498	2,316	182
Building maintenance division	3,011	3,179	3,063	116
Engineering division	374	374	305	69
General garage division	1,258	1,514	1,410	104
Solid waste operations	4,689	4,309	4,197	112
Total public services	<u>12,180</u>	<u>12,143</u>	<u>11,540</u>	<u>603</u>
Board of Education:				
Private School textbooks	20	20	20	-
Educational audit fees	22	22	22	-
Employee benefits	1,199	1,199	1,037	162
Educational operations	89,213	89,148	89,148	-
Educational Contribution Health Insurance Fund	19,067	19,067	19,067	-
Educational School Nurses	1,355	1,355	1,308	47
Total board of education	<u>110,876</u>	<u>110,811</u>	<u>110,602</u>	<u>209</u>
Health and Welfare:				
Health Department	938	937	843	94
Recreation Department	810	809	777	32
Total health and welfare	<u>1,748</u>	<u>1,746</u>	<u>1,620</u>	<u>126</u>
General Charges:				
Employee benefits - general	21,716	21,893	21,369	524
Insurance and bonds	1,683	1,683	1,667	16
Claims and refunds	640	630	455	175
Benefits and salary reserve	99	99	99	-
Unallocated contingency	25	8		8
Total general charges	<u>24,163</u>	<u>24,313</u>	<u>23,590</u>	<u>723</u>
Grants to Agencies:				
Milford Council on Aging	1,346	1,346	1,345	1
Milford Fine Arts Council	68	68	68	-
CMED	95	108	108	-
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	220	220	220	-
Milford Transit District	345	345	345	-
Milford Mental Health	350	350	350	-
Veterans' Graves	2	2	2	-
U.S. Coast Guard Auxiliary	10	10	10	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
Grants to Agencies (continued):				
Milford Historical District Commission	\$ 1	\$ 1	\$ 1	\$ -
Milford Historic #2	1	1	1	-
Visiting Nurses Association	41	41	41	-
Cemetery Association	9	9	9	-
Boys and Girls Club	70	70	70	-
Homeless Shelter/CPAC	80	80	80	-
Total grants to agencies	<u>2,641</u>	<u>2,654</u>	<u>2,653</u>	<u>1</u>
Debt Service:				
Public Debt Service	9,850	9,850	9,415	435
School Debt	4,483	4,483	4,274	209
Total debt service	<u>14,333</u>	<u>14,333</u>	<u>13,689</u>	<u>644</u>
Other Financing Uses:				
Transfers out	490	1,264	1,264	-
Total	<u>\$ 198,337</u>	<u>\$ 198,905</u>	195,839	<u>\$ 3,066</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	9,873
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	(3,731)
Prior year encumbrances reported in the current year for financial reporting purposes	2,911
Payment to refunded bond escrow agent	17,312
Issuance costs on bond refunding	150
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	<u>(313)</u>

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

\$ 222,041

CITY OF MILFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS

(In Thousands)

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 7,087	\$ 7,299
Interest	27,046	27,998
Changes of benefits terms		(1,759)
Differences between expected and actual experience		(908)
Changes of assumptions		9,513
Benefit payments, including refunds of member contributions	<u>(21,862)</u>	<u>(23,057)</u>
Net change in total pension liability	12,271	19,086
Total pension liability - beginning	<u>341,706</u>	<u>353,977</u>
Total pension liability - ending	<u>353,977</u>	<u>373,063</u>
Plan fiduciary net position:		
Contributions - employer	2,225	3,925
Contributions - member	2,169	2,332
Net investment income	44,193	(2,192)
Benefit payments, including refunds of member contributions	(21,862)	(23,057)
Administrative expense	(48)	(76)
Other	<u>11</u>	<u>20</u>
Net change in plan fiduciary net position	26,688	(19,048)
Plan fiduciary net position - beginning	<u>327,606</u>	<u>354,294</u>
Plan fiduciary net position - ending	<u>354,294</u>	<u>335,246</u>
Net Pension Liability (Asset) - Ending	<u>\$ (317)</u>	<u>\$ 37,817</u>
Plan fiduciary net position as a percentage of the total pension asset	100.09%	89.86%
Covered-employee payroll	\$ 42,773	\$ 43,811
Net pension asset as a percentage of covered-employee payroll	0.74%	86.32%

**CITY OF MILFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS**

(In Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 974	\$ 1,213	\$ 1,129	\$ -	\$ -	\$ -	\$ 342	\$ 324	\$ 2,225	\$ 5,871
Contributions in relation to the actuarially determined contribution	974	1,000	1,360	-	-	-	342	324	2,225	3,925
Contribution Deficiency (Excess)	\$ -	\$ 213	\$ (231)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,946
Covered-employee payroll	\$ 35,892	\$ 38,610	\$ 39,663	\$ 40,141	\$ 40,550	\$ 40,622	\$ 41,597	\$ 43,010	\$ 42,773	\$ 43,811
Contributions as a percentage of covered-employee payroll	2.71%	2.59%	3.43%	0.00%	0.00%	0.00%	0.82%	0.75%	5.20%	8.96%

Notes to Schedule

Valuation date: July, 1 2014
Measurement date: June 30, 2015

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Method, level percentage of salary
Amortization method	None
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Age related table
Investment rate of return	7.75%
Retirement age	Age related table
Mortality	Based on the RP-2000 Fully Projected Mortality Table with male and female rates and separate table for employees and annuitants

**CITY OF MILFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	13.78%	-0.62%

**CITY OF MILFORD, CONNECTICUT
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST FISCAL YEAR**

(In Thousands)

	<u>2015</u>
City's proportion of the net pension liability	0.00%
City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>131,584</u>
Total	<u>\$ 131,584</u>
City's covered-employee payroll	\$ 49,466
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014
(In Thousands)**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 39,201	\$ 39,204
Investments	117	117
Property taxes receivable, net of allowance for doubtful accounts of \$703 and \$985 in 2015 and 2014, respectively	7,677	6,681
Property taxes interest receivable, net of allowance for doubtful accounts of \$446 and \$425 in 2015 and 2014, respectively	5,130	4,889
Assessments receivable	89	80
Accounts receivable	190	53
Due from other governments	488	748
Due from other funds	1,572	1,338
Prepaid item	21	207
Total Assets	<u>\$ 54,485</u>	<u>\$ 53,317</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 11,998	\$ 9,964
Due to other funds	915	933
Due to other governments	677	584
Unearned revenue	590	746
Other liabilities		3,801
Total liabilities	<u>14,180</u>	<u>16,028</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	6,996	6,352
Unavailable revenue - property taxes interest	5,130	4,889
Unavailable revenue - special assessments	89	80
Advance property tax collections	2,982	3,120
Total deferred inflows of resources	<u>15,197</u>	<u>14,441</u>
Fund balance:		
Nonspendable	21	21
Committed	1,055	1,054
Assigned for encumbrances	3,731	2,959
Assigned for debt service	465	
Assigned for subsequent year's budget	3,500	4,000
Unassigned	16,336	14,814
Total fund balance	<u>25,108</u>	<u>22,848</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 54,485</u>	<u>\$ 53,317</u>

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2014	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2015
			Additions	Deductions			Tax	Interest Liens	Total	
2013	\$	\$ 173,728 *	\$ 401	\$ (922)	\$ (19)	\$ 173,188	\$ 169,954	\$ 505	\$ 170,459	\$ 3,234
2012	2,849		133	(514)	(7)	2,461	1,185	306	1,491	1,276
2011	1,111		56	(629)	(27)	511	(247)	102	(145)	758
2010	652		30	(14)	(30)	638	124	49	173	514
2009	480		11	(13)	(64)	414	53	36	89	361
2008	384		9	(4)	(35)	354	50	33	83	304
2007	299				(10)	289	14	16	30	275
2006	278				(9)	269	13	17	30	256
2005	278				(4)	274	11	20	31	263
2004	246				(3)	243	8	11	19	235
2003	224				(1)	223	6	14	20	217
2002	189				(1)	188	7	12	19	181
2001	180				(1)	179	5	11	16	174
2000	165					165	4	15	19	161
1999	178					178	7	26	33	171
Total	\$ 7,513	\$ 173,728	\$ 640	\$ (2,096)	\$ (211)	\$ 179,574	171,194	1,173	172,367	\$ 8,380
							Suspense collections	28	30	58
							Total collections	171,222	\$ 1,203	\$ 172,425
							Property taxes receivable considered available:			
							June 30, 2014	(328)		
							June 30, 2015	681		
							Total Property Tax Revenue	\$ 171,575		

*Includes motor vehicle supplement in the amount of \$1,486.

**CITY OF MILFORD, CONNECTICUT
 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
 COMPARED WITH APPROPRIATIONS
 FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Final Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Certified administrative salaries	\$ 4,480	\$ 4,480	\$ -
Certified teachers salaries	43,464	43,464	-
Homebound tutor	169	169	-
Administrative substitute	56	56	-
Summer school	288	288	-
Substitutes - certified salaries	981	981	-
Curriculum work	230	230	-
Coaches/advisors	659	659	-
Non-certified supervisor salaries	597	597	-
Non-certified staff salaries	2,056	2,056	-
Custodian/maintenance	3,781	3,781	-
Teacher aides hourly	326	326	-
Library aides	329	329	-
Paraprofessionals	3,143	3,143	-
General aide salaries	178	178	-
Overtime salaries	538	538	-
Non-certified clerical	251	251	-
Non-certified professional	1,144	1,144	-
Retirements	507	507	-
Life insurance	491	491	-
Worker's compensation insurance	764	764	-
Social security	690	690	-
Unemployment compensation	125	125	-
Blue Cross/Blue Shield	2,830	2,830	-
Para pension	139	139	-
Education reimbursement	35	35	-
Adult education services	50	50	-
Substitute teaching services	191	191	-
Marine science education	20	20	-
Mental health services	30	30	-
Professional evaluation	66	66	-
Psychotherapy services	31	31	-
Other pupil personnel services	148	148	-
Special education work study	7	7	-
Consultation services	80	80	-
Audit services	3	3	-
Negotiation services	191	191	-
Arch/Eng services	13	13	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
 COMPARED WITH APPROPRIATIONS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Security services	\$ 303	\$ 303	\$ -
Contracted services	717	717	-
Management information systems	193	193	-
Electricity	985	985	-
Heat energy - gas	836	836	-
Water/sewage	94	94	-
Energy conservation services	211	211	-
Contracted maintenance	487	487	-
Repairs to grounds	127	127	-
Repairs to buildings	106	106	-
Repairs to equipment	328	328	-
Preventative maintenance	87	87	-
Building projects	755	755	-
Grounds projects	308	308	-
Gasoline maintenance	52	52	-
Maintenance supplies	301	301	-
Custodial supplies	163	163	-
Transportation regular	2,042	2,042	-
Transportation special education	869	869	-
Transportation special education - public	350	350	-
Transportation special education - private	378	378	-
Transportation - athletics	189	189	-
Transportation - TAG/ECA/AQUA	91	91	-
Transportation - field trips	30	30	-
Gasoline - buses	144	144	-
Transportation - non-public	314	314	-
Transportation - special education aide	130	130	-
Transportation - supplies	1	1	-
Van driver	74	74	-
Property liability insurance	519	519	-
Athletic insurance	33	33	-
Uninsured coverage	18	18	-
Postage	62	62	-
Telephone	408	408	-
Advertising	2	2	-
Printing expense	18	18	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
 COMPARED WITH APPROPRIATIONS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015**

(In Thousands)

	<u>Final Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Tuition - public	\$ 1,331	\$ 1,331	\$ -
Tuition - non-public	2,074	2,074	-
Tuition - ECA program	121	121	-
Tuition - AQUA	74	74	-
Tuition - Vo-Ag	171	171	-
Tuition - gifted students	22	22	-
Travel mileage	47	47	-
Non-instructional supplies	123	123	-
Instructional supplies	729	729	-
Health and medical	19	19	-
Graduation expense	22	22	-
Textbooks	47	47	-
Text adoptions	524	524	-
Library books	93	93	-
Periodicals	35	35	-
Testing expense	98	98	-
A/V materials	4	4	-
Other educational supplies	6	6	-
Computer software	382	382	-
Equipment	677	677	-
Furniture and fixtures	93	93	-
Computers	922	922	-
Lease/purchase	22	22	-
Capital equipment	22	22	-
Dues and fees	75	75	-
Professional development	280	280	-
Student activities	92	92	-
Student athletics	34	34	-
Athletics - equipment repair	16	16	-
Athletics - supplies	47	47	-
Athletics - equipment	43	43	-
Athletics - game operations	31	31	-
Athletics - uniforms	53	53	-
Miscellaneous - sports	13	13	-
	<hr/>	<hr/>	<hr/>
Total	\$ <u>89,148</u>	\$ <u>89,148</u>	\$ <u>-</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Fund	Funding Source	Function
Park and Playground	Developer Fees and Investment Earnings	Park and Playground Development
Human Resource Development	State Grants and City Contributions	Social Service Activities
Special Grants and Revenues	State/Federal Grants, City Contributions	Various Grant/City Programs
Community Development	Federal Grants	Administer Community Development
Open Space	Fees in Lieu of Donated Open Space	Open Space Acquisition
Tuition	Attendee Fees	Day Care, Pre-School, Family Resource
Grants and Donations - Board of Education	Grants and Donations	Student Activities
Special Education Grants	State and Federal Grants	Education Programs
Cafeteria	State and Federal Grants, User Fees	Administer School Lunch Program
Educational Scholarship and Award	Endowments	Educational Scholarships
Library Trust	Bequests and Investment Earnings	Reserved for Library Materials/Programs
Milford Police Sick and Relief	Donations	Sick Benefits for Police Employees
Barth Conservation	Donations and Investment Earnings	Preserve Open Land

Debt Service

Fund	Funding Source	Function
Debt Service	City Contributions and State Money	Reserve for Sewer Facilities Upgrade

Capital Project Fund

Fund	Funding Source	Function
School Renovations	State Grants, Bond/BAN Proceeds	School Renovations

CITY OF MILFORD, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	Special Revenue Funds								
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition	Grants and Donations - Board of Education	Special Education Grants	Cafeteria
ASSETS									
Cash and cash equivalents	\$ 2	\$ 426	\$ 5,439	\$ 67	\$ 262	\$ 1,136	\$ 264	\$ 520	\$ 659
Accounts receivable			197		13				
Due from other governments			125						117
Due from other funds		1	86						
Inventory									28
Total Assets	\$ 2	\$ 427	\$ 5,847	\$ 67	\$ 275	\$ 1,136	\$ 264	\$ 520	\$ 804
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 15	\$ 930	\$ 57	\$	\$	\$	\$ 316	\$ 28
Due to other funds		19	207						
Unearned revenue			8						
Bond anticipation notes payable									
Total liabilities	-	34	1,145	57	-	-	-	316	28
Fund balances:									
Nonspendable									28
Restricted							264	204	
Committed	2	393	4,702	10	275	1,136			748
Unassigned	2	393	4,702	10	275	1,136	264	204	776
Total Liabilities and Fund Balances	\$ 2	\$ 427	\$ 5,847	\$ 67	\$ 275	\$ 1,136	\$ 264	\$ 520	\$ 804

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**CITY OF MILFORD, CONNECTICUT
 COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2015
 (In Thousands)**

	Special Revenue Funds					Capital Project Fund			Total Nonmajor Governmental Funds
	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Total	Debt Service	School Renovations	Interfund Eliminations	
ASSETS									
Cash and cash equivalents	\$ 44	\$ 102	\$ 97	\$ 37	\$ 9,055	\$ 3,743	\$ 11	\$	\$ 12,809
Accounts receivable					210				210
Due from other governments					242				242
Due from other funds					87		194	(194)	87
Inventory					28				28
Total Assets	\$ 44	\$ 102	\$ 97	\$ 37	\$ 9,622	\$ 3,743	\$ 205	\$ (194)	\$ 13,376
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$ 1,346	\$	\$ 90	\$	\$ 1,436
Due to other funds					226		73	(194)	105
Unearned revenue					8				8
Bond anticipation notes payable					-		216		216
Total liabilities	-	-	-	-	1,580	-	379	(194)	1,765
Fund balances:									
Nonspendable					28				28
Restricted					468				468
Committed	44	102	97	37	7,546	3,743			11,289
Unassigned					-		(174)		(174)
	<u>44</u>	<u>102</u>	<u>97</u>	<u>37</u>	<u>8,042</u>	<u>3,743</u>	<u>(174)</u>	<u>-</u>	<u>11,611</u>
Total Liabilities and Fund Balances	\$ 44	\$ 102	\$ 97	\$ 37	\$ 9,622	\$ 3,743	\$ 205	\$ (194)	\$ 13,376

CITY OF MILFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015
 (In Thousands)

	Special Revenue Funds								
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition	Grants and Donations - Board of Education	Special Education Grants	Cafeteria
Revenues:									
Intergovernmental	\$	\$ 470	\$ 2,064	\$ 277	\$ 44	\$	\$	\$ 3,419	\$ 874
Charges for services		9	2,943	116					1,532
Investment income						1			
Other revenues		19	991			886	249		
Total revenues	-	498	5,998	393	44	887	249	3,419	2,406
Expenditures:									
Current:									
General Government			289						
Public safety			2,740						
Public services			263	466	57				
Education			1,217			786	232	3,435	2,526
Health and welfare		991	873						
Debt service									
Total expenditures	-	991	5,382	466	57	786	232	3,435	2,526
Excess (deficiency) of revenues over expenditures	-	(493)	616	(73)	(13)	101	17	(16)	(120)
Other financing sources:									
Issuance of bonds and notes									
Transfers in		490	57						
Total other financing sources	-	490	57	-	-	-	-	-	-
Net change in fund balances	-	(3)	673	(73)	(13)	101	17	(16)	(120)
Fund Balances at Beginning of Year	2	396	4,029	83	288	1,035	247	220	896
Fund Balances at End of Year	\$ 2	\$ 393	\$ 4,702	\$ 10	\$ 275	\$ 1,136	\$ 264	\$ 204	\$ 776

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015
 (In Thousands)

	Special Revenue Funds					Debt Service	Capital Project Fund	Total Nonmajor Governmental Funds
	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Total		School Renovations	
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$ 7,104	\$	\$	\$ 7,104
Charges for services					4,644			4,644
Investment income					1	2		3
Other revenues	38				2,183	59		2,242
Total revenues	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,932</u>	<u>61</u>	<u>-</u>	<u>13,993</u>
Expenditures:								
Current:								
General Government					289			289
Public safety			4		2,744			2,744
Public services					786			786
Education	9				8,205		464	8,669
Health and welfare					1,864			1,864
Debt service						306		306
Total expenditures	<u>9</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>13,888</u>	<u>306</u>	<u>464</u>	<u>14,658</u>
Excess (deficiency) of revenues over expenditures	<u>29</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>44</u>	<u>(245)</u>	<u>(464)</u>	<u>(665)</u>
Other financing sources:								
Issuance of bonds and notes							491	491
Transfers in					547			547
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>547</u>	<u>-</u>	<u>491</u>	<u>1,038</u>
Net change in fund balances	29	-	(4)	-	591	(245)	27	373
Fund Balances at Beginning of Year	15	102	101	37	7,451	3,988	(201)	11,238
Fund Balances at End of Year	<u>\$ 44</u>	<u>\$ 102</u>	<u>\$ 97</u>	<u>\$ 37</u>	<u>\$ 8,042</u>	<u>\$ 3,743</u>	<u>\$ (174)</u>	<u>\$ 11,611</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Insurance Fund - to provide reserves needed to support health benefit costs.

Workers' Compensation Fund - to provide reserves needed to support workers' compensation claims.

Property and Casualty Fund - to provide reserves needed to support property and casualty losses.

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014
(In Thousands)

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Casualty Fund</u>	<u>2015</u>	<u>2014</u>
Assets:					
Cash and cash equivalents	\$ 11,301	\$ 3,237	\$ 2,997	\$ 17,535	\$ 14,542
Accounts receivable	511		1	512	888
Due from other funds	126	12	1	139	85
Total assets	<u>11,938</u>	<u>3,249</u>	<u>2,999</u>	<u>18,186</u>	<u>15,515</u>
Liabilities:					
Accounts payable and accrued liabilities	147		52	199	457
Accrued claims	2,140	2,552	266	4,958	4,411
Due to other funds		14		14	
Total liabilities	<u>2,287</u>	<u>2,566</u>	<u>318</u>	<u>5,171</u>	<u>4,868</u>
Net Position:					
Unrestricted	<u>9,651</u>	<u>683</u>	<u>2,681</u>	<u>13,015</u>	<u>10,647</u>
Total Net Position	<u>\$ 9,651</u>	<u>\$ 683</u>	<u>\$ 2,681</u>	<u>\$ 13,015</u>	<u>\$ 10,647</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014
(In Thousands)

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Casualty Fund</u>	<u>2015</u>	<u>2014</u>
Operating revenues:					
Employer contributions	\$ 31,327	\$ 685	\$ 1,318	\$ 33,330	\$ 33,615
Employee contributions	6,272			6,272	5,913
Other	7	227	1	235	287
Total operating revenues	<u>37,606</u>	<u>912</u>	<u>1,319</u>	<u>39,837</u>	<u>39,815</u>
Operating expenses:					
Insurance premiums and claims expense	<u>34,329</u>	<u>1,854</u>	<u>1,306</u>	<u>37,489</u>	<u>38,015</u>
Operating income (loss)	<u>3,277</u>	<u>(942)</u>	<u>13</u>	<u>2,348</u>	<u>1,800</u>
Nonoperating revenue:					
Interest income				-	1
Transfer in	<u>20</u>			<u>20</u>	
Net nonoperating revenue	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>1</u>
Net income (loss)	3,297	(942)	13	2,368	1,801
Net Position, Beginning of Year	<u>6,354</u>	<u>1,625</u>	<u>2,668</u>	<u>10,647</u>	<u>8,846</u>
Net Position, End of Year	<u>\$ 9,651</u>	<u>\$ 683</u>	<u>\$ 2,681</u>	<u>\$ 13,015</u>	<u>\$ 10,647</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014
(In Thousands)

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Casualty Fund</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:					
Cash received from contributions and charges for services	\$ 37,925	\$ 914	\$ 1,320	\$ 40,159	\$ 39,528
Cash payments for claims paid	(34,486)	(1,488)	(1,212)	(37,186)	(37,567)
Net cash provided by (used in) operating activities	<u>3,439</u>	<u>(574)</u>	<u>108</u>	<u>2,973</u>	<u>1,961</u>
Cash flows from noncapital financing:					
Transfers to/from other funds	<u>20</u>			<u>20</u>	<u>-</u>
Cash flows from investing activities:					
Interest and dividends received				<u>-</u>	<u>1</u>
Net increase (decrease) in cash and cash equivalents	3,459	(574)	108	2,993	1,962
Cash and cash equivalents, beginning of year	<u>7,842</u>	<u>3,811</u>	<u>2,889</u>	<u>14,542</u>	<u>12,580</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,301</u>	<u>\$ 3,237</u>	<u>\$ 2,997</u>	<u>\$ 17,535</u>	<u>\$ 14,542</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 3,277	\$ (942)	\$ 13	\$ 2,348	\$ 1,800
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Increase) decrease in accounts receivable	375		1	376	(330)
(Increase) decrease in due from other funds	(56)	2		(54)	43
Increase (decrease) in accounts payable and accrued liabilities	(157)	352	94	289	448
Increase (decrease) in due to other funds		14		14	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,439</u>	<u>\$ (574)</u>	<u>\$ 108</u>	<u>\$ 2,973</u>	<u>\$ 1,961</u>

Fiduciary Funds

AGENCY FUNDS

- Student Activities - to account for receipts and disbursements related to student programs and extracurricular activities.
- Inland/Wetland Bonds - to account for deposits held to ensure that planning and zoning permit conditions have been met.
- Planning and Zoning Bonds - to account for deposits held to ensure that planning and zoning permit conditions have been met.

**CITY OF MILFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 AGENCY FUNDS
 JUNE 30, 2015**

(In Thousands)

	<u>Student Activities</u>	<u>Inland/ Wetland Bonds</u>	<u>Planning and Zoning Bonds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,037	\$ 220	\$ 511	\$ 1,768
Investments	120			120
Receivables		14		14
	<u>1,157</u>	<u>234</u>	<u>511</u>	<u>1,902</u>
Total Assets	<u>\$ 1,157</u>	<u>\$ 234</u>	<u>\$ 511</u>	<u>\$ 1,902</u>
Liabilities:				
Due to employees, students and others	\$ 1,157	\$ 220	\$ 511	\$ 1,888
Accounts payable		14		14
	<u>1,157</u>	<u>234</u>	<u>511</u>	<u>1,902</u>
Total Liabilities	<u>\$ 1,157</u>	<u>\$ 234</u>	<u>\$ 511</u>	<u>\$ 1,902</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 922	\$ 1,575	\$ 1,460	\$ 1,037
Investments	<u>123</u>	<u>2</u>	<u>5</u>	<u>120</u>
Total Assets	<u>\$ 1,045</u>	<u>\$ 1,577</u>	<u>\$ 1,465</u>	<u>\$ 1,157</u>
Liabilities:				
Due to employees, students and others	<u>\$ 1,045</u>	<u>\$ 1,577</u>	<u>\$ 1,465</u>	<u>\$ 1,157</u>
Inland/Wetland Bonds				
Assets:				
Cash and cash equivalents	\$ 237	\$ 29	\$ 46	\$ 220
Accounts receivable	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
Total Assets	<u>\$ 237</u>	<u>\$ 43</u>	<u>\$ 46</u>	<u>\$ 234</u>
Liabilities:				
Due to employees, students and others	\$ 237	\$ 29	\$ 46	\$ 220
Accounts payable	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
Total Liabilities	<u>\$ 237</u>	<u>\$ 43</u>	<u>\$ 46</u>	<u>\$ 234</u>
Planning and Zoning Bonds				
Assets:				
Cash and cash equivalents	<u>\$ 500</u>	<u>\$ 63</u>	<u>\$ 52</u>	<u>\$ 511</u>
Liabilities:				
Due to employees, students and others	<u>\$ 500</u>	<u>\$ 63</u>	<u>\$ 52</u>	<u>\$ 511</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 1,659	\$ 1,667	\$ 1,558	\$ 1,768
Investments	123	2	5	120
Accounts receivable	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
Total Assets	<u>\$ 1,782</u>	<u>\$ 1,683</u>	<u>\$ 1,563</u>	<u>\$ 1,902</u>
Liabilities:				
Due to employees and others	\$ 1,782	\$ 1,669	\$ 1,563	\$ 1,888
Accounts payable	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
Total Liabilities	<u>\$ 1,782</u>	<u>\$ 1,683</u>	<u>\$ 1,563</u>	<u>\$ 1,902</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF MILFORD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2015	2014 (2)	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Net investments in capital assets	\$ 174,139	\$ 166,869	\$ 153,422	\$ 145,526	\$ 132,115	\$ 143,992	\$ 135,747	\$ 141,359	\$ 113,217	\$ 103,736
Restricted	280	255	255	252	250	259	260	151	173	268
Unrestricted	(83,452)	(72,023)	(48,924)	(36,260)	(15,240)	(15,090)	5,254	7,084	31,938	32,553
Total Governmental Activities Net Position	90,967	95,101	104,753	109,518	117,125	129,161	141,261	148,594	145,328	136,557
Business-type activities:										
Investments in capital assets	3,361	3,126	3,163	3,200	3,238	3,284	3,341	3,398	3,456	3,469
Unrestricted	569	513	708	642	653	605	642	688	550	493
Total Business-Type Net Position	3,930	3,639	3,871	3,842	3,891	3,889	3,983	4,086	4,006	3,962
Primary government:										
Net investments in capital assets	177,500	169,995	156,585	148,726	135,353	147,276	139,088	144,757	116,673	107,205
Restricted	280	255	255	252	250	259	260	151	173	268
Unrestricted	(82,883)	(71,806)	(48,216)	(35,618)	(14,767)	(14,485)	5,896	7,772	32,488	33,046
Total Primary Government Net Position	\$ 94,897	\$ 98,444	\$ 108,624	\$ 113,360	\$ 120,836	\$ 133,050	\$ 145,244	\$ 152,680	\$ 149,334	\$ 140,519

NOTES:

- (1) Schedule prepared on the accrual basis of accounting.
(2) The fiscal year 2014 governmental activities net position was restated as a result of implementing GASB No. 68.

**CITY OF MILFORD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
General government	\$ 13,004	\$ 9,770	\$ 8,068	\$ 11,142	\$ 10,844	\$ 7,542	\$ 7,796	\$ 5,609	\$ 4,829	\$ 4,907
Administration	3,882	3,803	4,018	4,147	3,769	3,625	3,677	3,811	2,672	2,451
Public safety	38,754	38,410	41,506	38,471	37,014	35,817	36,067	35,298	23,369	21,463
Public services	18,586	27,538	25,314	27,673	27,911	31,252	29,066	30,445	19,984	20,157
Education	149,823	142,617	138,265	132,771	131,342	124,894	123,520	139,957	101,920	99,813
Health and welfare	4,183	5,503	5,728	5,929	5,906	5,313	5,709	6,149	3,530	3,458
General charges *									15,406	13,734
Grants to agencies	3,073	9,072	4,051	3,889	3,938	3,656	3,735	2,507	2,552	2,487
Interest on long-term debt	4,653	2,711	2,703	2,085	1,972	3,226	3,471	3,665	3,486	2,901
Total governmental activities expenses	<u>235,958</u>	<u>239,424</u>	<u>229,653</u>	<u>226,106</u>	<u>222,696</u>	<u>215,325</u>	<u>213,041</u>	<u>227,441</u>	<u>177,748</u>	<u>171,371</u>
Business-type activities:										
Milford Golf Course	64	64	69	88	68	115	92	78	67	68
Harbor Management	235	242	230	287	307	335	420	285	379	346
Total business-type activities expenses	<u>299</u>	<u>306</u>	<u>299</u>	<u>375</u>	<u>375</u>	<u>450</u>	<u>512</u>	<u>363</u>	<u>446</u>	<u>414</u>
Total primary government expenses	<u>236,257</u>	<u>239,730</u>	<u>229,952</u>	<u>226,481</u>	<u>223,071</u>	<u>215,775</u>	<u>213,553</u>	<u>227,804</u>	<u>178,194</u>	<u>171,785</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,779	1,125	1,562	977	1,131	1,178	1,234	1,462	4,431	5,544
Public service	1,432	1,627	1,639	802	61	1,385	1,378	2,127	2,285	3,066
Education	2,435	1,627	1,702	2,705	2,754	2,682	2,679	2,674	2,759	2,601
Other	4,166	3,374	3,410	2,766	2,616	2,006	1,188	1,042	1,284	230
Operating grants and contributions	29,527	36,980	29,867	29,730	27,489	28,258	27,647	52,237	20,746	22,935
Capital grants and contributions	3,046	115	1,753	3,426		454	4,081	6,803	2,768	1,352
Total governmental activities program revenues	<u>42,385</u>	<u>44,848</u>	<u>39,933</u>	<u>40,406</u>	<u>34,051</u>	<u>35,963</u>	<u>38,207</u>	<u>66,345</u>	<u>34,273</u>	<u>35,728</u>
Business-type activities:										
Charges for services:										
Golf fees	85	84	80	74	73	70	70	70	70	64
Harbor fees	242	249	252	267	252	249	258	280	273	269
Operating grants and contributions					60	38	74	74	74	74
Capital grants and contributions	272									
Total business-type activities program revenues	<u>599</u>	<u>333</u>	<u>332</u>	<u>341</u>	<u>385</u>	<u>357</u>	<u>402</u>	<u>424</u>	<u>417</u>	<u>407</u>
Total primary government program revenues	<u>42,984</u>	<u>45,181</u>	<u>40,265</u>	<u>40,747</u>	<u>34,436</u>	<u>36,320</u>	<u>38,609</u>	<u>66,769</u>	<u>34,690</u>	<u>36,135</u>

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (expense) revenue:										
Governmental activities	\$ (193,573)	\$ (194,576)	\$ (189,720)	\$ (185,700)	\$ (188,645)	\$ (179,362)	\$ (174,834)	\$ (161,096)	\$ (143,475)	\$ (135,643)
Business-type activities	300	27	33	(34)	10	(93)	(110)	61	(29)	(7)
Total primary government net expense	<u>(193,273)</u>	<u>(194,549)</u>	<u>(189,687)</u>	<u>(185,734)</u>	<u>(188,635)</u>	<u>(179,455)</u>	<u>(174,944)</u>	<u>(161,035)</u>	<u>(143,504)</u>	<u>(135,650)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	180,864	174,885	170,870	161,252	160,134	152,330	152,856	149,025	137,726	129,146
Grants and contributions not restricted to specific programs	8,321	8,693	11,327	14,103	13,665	13,040	10,612	11,357	10,055	8,285
Unrestricted investment earnings	49	72	1,735	1,600	1,716	1,080	689	2,471	3,020	2,047
Other general revenues	195	718	926	1,301	905	809	3,344	1,509	1,445	385
Transfers in	10	260	4	17	9	3				
Gain on sale of capital assets			93							1,750
Total governmental activities	<u>189,439</u>	<u>184,628</u>	<u>184,955</u>	<u>178,273</u>	<u>176,429</u>	<u>167,262</u>	<u>167,501</u>	<u>164,362</u>	<u>152,246</u>	<u>141,613</u>
Business-type activities:										
Unrestricted investment earnings	1			2	1	2	7	19	26	23
Transfers out	(10)	(260)	(4)	(17)	(9)	(3)				
Contributed assets									47	
Total business-type activities	<u>(9)</u>	<u>(259)</u>	<u>(4)</u>	<u>(15)</u>	<u>(8)</u>	<u>(1)</u>	<u>7</u>	<u>19</u>	<u>73</u>	<u>23</u>
Total primary government	<u>189,430</u>	<u>184,369</u>	<u>184,951</u>	<u>178,258</u>	<u>176,421</u>	<u>167,261</u>	<u>167,508</u>	<u>164,381</u>	<u>152,319</u>	<u>141,636</u>
Change in Net Position:										
Governmental activities	(4,134)	(9,948)	(4,765)	(7,427)	(12,216)	(12,100)	(7,333)	3,266	8,771	5,970
Business-type activities	291	(232)	29	(49)	2	(94)	(103)	80	44	16
Total Primary Government	<u>\$ (3,843)</u>	<u>\$ (10,180)</u>	<u>\$ (4,736)</u>	<u>\$ (7,476)</u>	<u>\$ (12,214)</u>	<u>\$ (12,194)</u>	<u>\$ (7,436)</u>	<u>\$ 3,346</u>	<u>\$ 8,815</u>	<u>\$ 5,986</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

* General charges have been allocated across the various functions for fiscal years subsequent to 2007.

**CITY OF MILFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(In Thousands)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$	\$	\$	\$	\$	\$ 3,341	\$ 3,176	\$ 2,633	\$ 1,911	\$ 1,348
Unreserved						14,462	16,070	15,955	13,929	14,298
Nonspendable	21	21	21	21	438					
Committed	1,055	1,054	1,033	1,212	2,699					
Assigned	7,696	6,959	7,875	4,198	7,545					
Unassigned	16,336	14,814	14,945	15,638	12,841					
Total General Fund	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	\$ <u>15,840</u>	\$ <u>15,646</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$ 19,801	\$ 10,860	\$ 31,059	\$ 51,429	\$ 13,479
Unreserved, reported in:										
Special revenue funds						7,174	6,485	6,584	6,055	6,433
Debt service funds						4,387	5,554	4,490	3,511	2,635
Capital projects funds						(19,566)	(61,979)	(73,655)	(64,055)	(34,618)
Nonspendable	41	71	84	77	23					
Restricted	468	3,845	3,802	3,364	2,090					
Committed	18,508	19,068	28,863	18,297	28,103					
Assigned		86	4,165	3,802						
Unassigned	(16,238)	(24,557)	(35,789)	(31,896)	(33,171)					
Total All Other Governmental Funds	\$ <u>2,779</u>	\$ <u>(1,487)</u>	\$ <u>1,125</u>	\$ <u>(6,356)</u>	\$ <u>(2,955)</u>	\$ <u>11,796</u>	\$ <u>(39,080)</u>	\$ <u>(31,522)</u>	\$ <u>(3,060)</u>	\$ <u>(12,071)</u>

**CITY OF MILFORD, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(In Thousands)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property taxes and assessments	\$ 178,740	\$ 173,069	\$ 171,708	\$ 162,014	\$ 159,555	\$ 151,428	\$ 151,760	\$ 147,515	\$ 136,715	\$ 127,833
Fines, forfeitures, penalties and interest	1,239	1,058	1,632	1,487	1,654	993	1,072	1,091	1,011	982
Intergovernmental	34,119	39,265	37,519	41,805	33,206	36,907	37,949	65,565	29,908	28,304
Charges for services	7,744	6,737	7,310	6,079	6,925	7,609	6,720	7,220	8,614	8,166
Investment income	98	117	149	113	174	231	689	2,865	3,692	2,819
Other	8,979	8,503	7,615	8,458	9,133	6,117	6,546	6,032	6,600	5,963
Total revenues	230,919	228,749	225,933	219,956	210,647	203,285	204,736	230,288	186,540	174,067
Expenditures:										
General government	4,219	4,672	4,827	7,304	7,084	4,981	4,591	4,268	4,483	4,421
Administration	2,496	2,529	2,492	2,435	2,462	2,397	2,404	2,422	2,341	2,206
Public safety	27,137	25,937	25,129	24,562	24,317	23,712	23,555	22,588	21,910	20,435
Public services	12,058	12,238	12,235	17,591	17,901	19,949	17,991	17,170	17,353	16,452
Education	128,303	130,942	126,127	122,074	118,811	115,871	113,944	135,532	101,972	97,376
Health and welfare	3,479	3,733	3,687	3,930	3,864	3,554	3,747	3,827	3,332	3,242
General charges	23,635	21,961	19,324	21,295	15,453	15,948	16,619	18,594	15,406	13,734
Other	2,651	2,642	2,640	2,626	2,646	2,504	2,561	2,500	2,484	2,437
Capital outlay	19,395	31,345	30,914	31,606	25,528	14,423	30,745	46,475	23,602	12,329
Debt service - principal	10,804	8,825	8,373	8,831	7,562	6,745				
Debt service - interest	5,028	3,823	3,566	3,182	3,364	3,303				
Debt service*							9,001	9,246	9,238	9,032
Total expenditures	239,205	248,647	239,314	245,436	228,992	213,387	225,158	262,622	202,121	181,664
Excess of Revenue Under Expenditures	(8,286)	(19,898)	(13,381)	(25,480)	(18,345)	(10,102)	(20,422)	(32,334)	(15,581)	(7,597)
Other Financing Sources (Uses):										
Lease principal receipts										
Issuance of bonds	14,195	16,000	23,405	15,329	13,240	59,246	13,500	6,620	7,100	7,710
Capital leases									208	
Issuance of refunding bonds	14,935		14,045	8,765		16,087				
Payment to refunded bond escrow agent	(17,312)		(15,469)	(9,332)		(15,899)				
Premium on issuance of debt	3,004		1,566	692						
Sale of capital assets			116	11		98	22		14,969	1,750
Transfers in	1,344	2,968	2,968	4,121	2,998	2,333	3,332	3,163	3,410	1,895
Transfers out	(1,354)	(2,964)	(2,964)	(4,198)	(2,687)	(2,330)	(3,332)	(3,163)	(3,310)	(1,895)
Total other financing sources	14,812	16,004	23,667	15,388	13,551	59,535	13,522	6,620	22,377	9,460
Net Change in Fund Balances	\$ 6,526	\$ (3,894)	\$ 10,286	\$ (10,092)	\$ (4,794)	\$ 49,433	\$ (6,900)	\$ (25,714)	\$ 6,796	\$ 1,863
Debt Service as a Percentage of Noncapital Expenditures	7.2%	5.8%	5.7%	5.6%	5.37%	5.05%	4.63%	4.28%	5.17%	5.33%

Note: Schedule prepared on the modified accrual basis of accounting.

* Allocation of principal and interest debt service prepared for 2010 and not retroactively applied

CITY OF MILFORD, CONNECTICUT
EIGHT YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET
FISCAL YEAR 2008-2015
(In Thousands)

	Adopted Budget 2015-2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012	Actual 6/30/2011	Actual 6/30/2010	Actual 6/30/2009	Actual 6/30/2008
Revenues:									
Property taxes and assessments	\$ 174,151	\$ 171,858	\$ 165,899	\$ 164,236	\$ 155,213	\$ 153,080	\$ 146,157	\$ 146,819	\$ 142,244
Intergovernmental revenue	13,928	24,254	27,759	26,789	26,930	22,384	22,212	24,521	16,492
Fines, forfeitures, penalties and interest	1,000	1,199	1,058	1,632	1,487	1,654	993	1,072	1,091
Investment income	64	89	75	64	62	113	152	467	1,994
Other	13,038	8,962	8,236	8,236	8,907	9,215	6,129	6,633	7,411
Total revenues	202,181	206,362	203,027	200,957	192,599	186,446	175,643	179,512	169,232
Expenditures:									
General government	4,269	3,930	3,885	3,894	3,869	3,968	3,419	3,322	3,348
Administration	2,702	2,496	2,529	2,492	2,435	2,462	2,397	2,404	2,417
Public safety	25,668	24,393	23,686	23,142	22,837	22,654	22,448	22,427	21,396
Public services	12,186	11,272	11,691	11,527	11,455	11,696	11,401	11,825	11,382
Education	113,244	119,634	123,068	119,070	114,635	109,306	106,657	106,963	95,534
Health and welfare	1,691	1,615	1,645	1,576	1,656	1,695	1,629	1,649	1,644
General charges	24,746	23,635	21,961	19,324	21,295	15,453	15,948	16,619	18,594
Grants to agencies	3,132	2,651	2,642	2,640	2,626	2,646	2,504	2,561	2,500
Debt service	14,543	13,839	12,648	11,939	12,013	10,926	10,048	9,001	9,142
Total expenditures	202,181	203,465	203,755	195,604	192,821	180,806	176,451	176,771	165,957
Excess of revenues over (under) expenditures	\$ -	2,897	(728)	5,353	(222)	5,640	(808)	2,741	3,275
Other financing sources (uses):									
Lease principal payments									
Issuance of refunding bonds		14,935		14,045	8,765		15,470		
Payment to refunded bond escrow agent		(17,312)		(15,469)	(9,332)		(15,899)		
Premium on issuance of debt		3,004		1,566	692		617		
Sale of capital assets				116	11		98		
Transfers in			1,327	21	596	456	545	22	1,000
Transfers out		(1,264)	(1,625)	(2,827)	(2,964)	(2,002)	(1,466)	(2,105)	(1,530)
Net other financing uses		(637)	(298)	(2,548)	(2,232)	(1,546)	(635)	(2,083)	(530)
Net change in fund balances		2,260	(1,026)	2,805	(2,454)	4,094	(1,443)	658	2,745
Fund equity, beginning year, as restated*		22,848	23,874	21,069	23,523	19,429	19,246	18,588	15,840
Residual equity transfer									3
Fund Equity, End of Year	\$ 25,108	\$ 22,848	\$ 23,874	\$ 21,069	\$ 23,523	\$ 17,803	\$ 19,246	\$ 18,588	
Reserve for encumbrances	\$	\$	\$	\$	\$	\$	3,319	3,154	2,612
Reserved for other purposes							22	22	21
Reserve for subsequent years							2,000	3,750	1,750
Unreserved - undesignated							12,462	12,320	14,205
Nonspendable		21	21	21	21	438			
Committed		1,055	1,054	1,033	1,212	2,699			
Assigned		7,696	6,959	7,875	4,198	7,545			
Unassigned		16,336	14,814	14,945	15,638	12,841			
Fund Equity	\$ 25,108	\$ 22,848	\$ 23,874	\$ 21,069	\$ 23,523	\$ 17,803	\$ 19,246	\$ 18,588	

TABLE 6

**CITY OF MILFORD, CONNECTICUT
CAPITAL IMPROVEMENT PROGRAM
2015-2019**

(In Thousands)

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>Total</u>
Proposed Projects:					
Education	\$ 18,115	\$ 15,920	\$ 8,350	\$ 9,300	\$ 51,685
Sewers	2,840	5,688	10,080	9,980	28,588
Fire	285	120	600	600	1,605
Police	20,000				20,000
Roads/Drainage	1,350	1,350	1,350	1,350	5,400
Buildings		50			50
Erosion/Flood control	35				35
Recreation	650	325	10,000		10,975
Total	<u>\$ 43,275</u>	<u>\$ 23,453</u>	<u>\$ 30,380</u>	<u>\$ 21,230</u>	<u>\$ 118,338</u>
Proposed Funding:					
Bonds	\$ 33,908	\$ 15,443	\$ 28,880	\$ 19,730	\$ 97,961
Grants	8,907	7,810	1,350	1,350	19,417
Pay-As-You-Go	460	200	150	150	960
Total	<u>\$ 43,275</u>	<u>\$ 23,453</u>	<u>\$ 30,380</u>	<u>\$ 21,230</u>	<u>\$ 118,338</u>

**CITY OF MILFORD, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Grand List Year	Real Property			Personal Property	Motor Vehicle	Total Taxable Assessed Value	Less Exemptions	Net Taxable Grand List	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial and Industrial	All Land								
2015	2013	\$ 4,442,878	\$ 1,271,704	\$	\$ 461,752	\$ 375,652	\$ 6,551,986	\$ 166,748	\$ 6,385,238	27.22	\$ 9,120,339	70.01%
2014	2012	4,478,145	1,288,844		449,793	367,147	6,583,929	165,694	6,418,235	28.26	9,168,907	70.00%
2013	2011	4,466,059	1,286,915		445,512	364,064	6,562,550	162,699	6,399,851	25.60	9,142,646	51.14%
2012	2010	5,406,408	1,371,087		435,189	342,792	7,555,476	2,145,408	5,410,068	28.89	10,578,868	51.22%
2011	2009	5,463,457	1,374,411		378,586	327,437	7,543,891	2,112,969	5,430,922	28.44	10,603,075	50.99%
2010	2008	5,379,222	1,388,800		401,345	326,530	7,495,897	2,118,534	5,377,363	27.50	10,546,040	50.71%
2009	2007	5,336,006	1,388,827		294,183	348,799	7,367,815	2,116,168	5,251,647	28.23	10,356,372	44.76%
2008	2006	5,339,250	1,276,658		260,998	343,142	7,220,048	2,747,502	4,472,546	31.77	9,992,784	70.00%
2007	2005	2,540,824	758,974		267,984	340,267	3,908,049	93,272	3,814,777	34.36	5,449,681	70.00%
2006	2004	2,761,259	663,526		375,037	321,460	4,121,282	121,285	3,999,997	32.18	5,714,281	70.00%

Notes:

(1) Does not include supplemental motor vehicles.

(2) Beginning with the Grand List of October 1, 1991, Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities. The State of Connecticut will directly reimburse the City for 60% of the foregone taxes for Grand List 2008; the reimbursement is scheduled to be 80% for Grand List Year 2009; the reimbursement is scheduled to be 100% for the Grand List Year 2010 and the Grand List Year 2011. The program was phased out for the Grand List Year 2012.

(3) Revaluation Grand List values shown above are phase-in values for GL Years 2006, 2007 and 2008. The phase in was suspended by the Board of Aldermen after two years. Therefore GL Years 2008 - 2010 will only have 40% of the increase value reflected instead of values increasing to 100%.

(4) Effective with the 10/1/98 M-13 report filed with the Secretary of State, land use categories have been consolidated such that prior years may not be completely comparable.

(5) See disclosure about Property Tax Agreements in the Contingent Liability Note in the Financial Statements

**CITY OF MILFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
FY 2015 and FY2006**

(In Thousands)

Taxpayers	Nature of Business	2015		Percentage of Net Taxable Assessed Value	2006		Percentage of Net Taxable Assessed Value	
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank		
Milford Power Company LLC	Utility	\$			\$	183,073	1	4.58%
Connecticut Post Limited Partnership	Regional Shopping Mall	135,014	1	2.11%	81,021	2	2.03%	
Connecticut Light and Power Company	Utility	109,233	2	1.71%				
Milford Crossing Investors LLC	Retail	66,289	3	1.04%				
Wolff	Office/Retail/Apartments	51,282	4	0.80%				
Crown Milford, LLC	Office Park	34,249	5	0.54%	27,323	7	0.68%	
JP Construction Company/Avalon Bay	Apartment	28,201	6	0.44%				
D'Amato Investments, LLC	Real Estate Development	24,508	7	0.38%	20,422	8	0.51%	
Schick Manufacturing Inc.	Manufacturer - Razors	22,719	8	0.36%	30,395	6	0.76%	
Smith Craft Real Estate, ETLAS	Real Estate Developer	21,639	9	0.34%	36,132	5	0.90%	
Devon Power	Utility	20,046	10	0.31%	45,386	4	1.13%	
Bic Corporation	Manufacturer - Pens, Razors				45,472	3	1.14%	
Southern Connecticut Gas Company	Utility				15,785	9	0.39%	
F440 Wheeler Farms Road LLC	Office Park				12,270	10	0.31%	
TOTAL		\$ 513,180		8.03%	\$ 497,279		12.43%	

Source: City of Milford, Office of Tax Assessor

**CITY OF MILFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

(In Thousands)

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For This Fiscal Year	Collected Within The Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date (6/30/15)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	27.22	\$ 173,728	\$ 169,954	97.83%	\$ N/A	\$ 169,954	97.83%
2014	26.28	168,390	164,519	97.70%	1,185	165,704	98.31%
2013	25.60	163,674	160,911	98.10%	1,957	162,868	97.76%
2012	28.89	156,123	153,158	97.76%	2,421	155,579	99.04%
2011	28.44	154,259	150,811	98.13%	1,783	152,594	99.40%
2010	28.23	146,895	144,148	97.62%	2,955	147,103	99.55%
2009	28.23	148,604	145,060	98.50%	1,663	146,723	99.64%
2008	31.77	142,432	140,289	99.34%	456	140,745	99.73%
2007	34.36	130,409	129,553	98.45	1,606	131,159	99.78%
2006	32.18	122,782	120,875	98.28	1,870	122,745	99.80%

**CITY OF MILFORD, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

(In Thousands, except per capita)

Fiscal Year	Governmental Activities		Long-Term Notes Payable	Capital Leases	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds					
2015	\$ 127,266	\$	\$ 33,289	\$	1.94	\$ 2,412
2014	120,866		35,400		2.20	2,673
2013	111,570		37,460		2.08	2,115
2012	96,615		39,488		1.79	1,833
2011	89,100		41,476	44	1.64	1,594
2010	82,985		43,426	44	1.54	1,484
2009	74,220		2,062	84	1.42	1,419
2008	66,905		2,174	124	1.50	1,214
2007	66,500		2,284	162	1.74	1,214
2006	65,605		78		1.64	1,254

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF MILFORD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 1,201,025	\$ 1,166,046	\$ 1,162,238	\$ 1,097,880	\$ 1,081,668	\$ 1,029,147	\$ 1,035,573	\$ 998,970	\$ 924,329	\$ 863,436
Total net debt applicable to limit	<u>209,101</u>	<u>221,221</u>	<u>214,742</u>	<u>185,100</u>	<u>201,730</u>	<u>188,550</u>	<u>175,948</u>	<u>183,701</u>	<u>174,476</u>	<u>156,738</u>
Legal Debt Margin	<u>\$ 991,924</u>	<u>\$ 944,825</u>	<u>\$ 947,496</u>	<u>\$ 912,780</u>	<u>\$ 879,938</u>	<u>\$ 840,597</u>	<u>\$ 859,625</u>	<u>\$ 815,269</u>	<u>\$ 749,853</u>	<u>\$ 706,698</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>17.41%</u>	<u>18.97%</u>	<u>18.48%</u>	<u>16.86%</u>	<u>18.65%</u>	<u>18.32%</u>	<u>16.99%</u>	<u>18.39%</u>	<u>18.88%</u>	<u>18.15%</u>

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 11 for calculation of current year debt limitation

**CITY OF MILFORD, CONNECTICUT
DEBT STATEMENT AND CURRENT DEBT RATIOS
JUNE 30, 2015**

(In Thousands)

Long-term bonded (1)		
Bonds:		
Public Improvement	\$	41,841
Schools		40,701
Sewers		42,071
Clean Water		<u>33,289</u>
Total long-term bonded debt		157,902
Short-term debt:		
Bond Anticipation Notes		<u>17,390</u>
Total Direct Debt		175,292
Less School Construction Grants - State of Connecticut (2)		<u>(488)</u>
Total Net Direct Debt and Overall Net Debt	\$	<u><u>174,804</u></u>

Note: The City has no overlapping or underlying debt.

Population (3)		52,759
Net Taxable Grand List (10/01/13)	\$	6,385,238
Estimated Full Value (70%)	\$	9,120,339
Equalized Grand List (10/1/12) (4)	\$	9,154,001
Money Income Per Capita (2010) (1)	\$	38,351

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>
Per Capita	\$ 3,259.37	\$ 3,245.23
Ratio to net Taxable Grand List	2.69%	2.68%
Ratio to Estimated Full Value	1.89%	1.88%
Ratio to Equalized Grand List	1.88%	1.87%
Debt per Capita to Money Income per Capita	8.50%	8.46%

*Presented in thousands

(1) Excludes capital leases

(2) See "School Building Grant Reimbursements" herein

(3) State of Connecticut Department of Public Health, July 1, 2008

(4) Office of Policy and Management, State of Connecticut

**CITY OF MILFORD, CONNECTICUT
RATIOS OF NET LONG-TERM DEBT TO VALUATION, POPULATION AND INCOME
LAST TEN FISCAL YEARS**

Fiscal Year	Grand List October 1,	In Thousands			Ratio of Net Long-Term Debt to Assessed Value	Ratio of Net Long-Term Debt to Estimated Full Value	(4) Population	Net Long-Term Debt Per Capita	Ratio of Net Long-Term Debt Per Capita to Per Capita Income (5)
		Net Assessed Value (1)	Estimated Full Value (2)	Net Long-Term Debt (3)					
2006	2004	\$ 3,999,997	\$ 5,714,281	\$ 60,683	1.52	1.06	52,305	\$ 1,092.49	3.78
2007	2005	3,814,867	5,449,810	61,564	1.61	1.13	54,802	1,123.00	3.80
2008	2006	4,472,546	10,546,040	67,342	1.50	0.94	55,127	1,217.48	4.22
2009	2007	5,251,646	10,603,075	74,862	1.43	0.71	55,455	1,349.96	4.63
2010	2008	5,377,363	10,578,868	80,622	1.50	0.76	55,907	1,442.07	4.99
2011	2009	5,430,922	10,603,075	128,728	2.37	1.21	55,907	2,302.54	7.97
2012	2010	5,410,069	10,578,868	112,669	2.08	1.07	52,759	2,015.29	6.98
2013	2011	6,399,852	9,142,646	148,010	2.31	1.62	52,759	2,805.40	9.71
2014	2012	6,418,236	9,168,908	155,520	2.42	1.70	52,759	2,947.74	10.21
2015	2013	6,385,238	9,120,339	157,414	2.47	1.73	52,759	3,351.61	8.74

(1) Revaluation Grand List of 2000 is not phased-in.

Revaluation Grand Lists 2006, 2007; Net Assessed Values are phased-in values and frozen at the Grand List 07 levels for Grand Lists of 2008, 2009, and 2010 by act of the Board of Aldermen.

(2) Assessment Ratio 70%

(3) Reflects deductions for contractual State school building construction grants receivable and courthouse lease payments over the life to respective issues. Excludes capital leases; includes long-term notes payable; does not include outstanding BANs or authorized, unissued debt.

(4) U.S. Department of Commerce, Bureau of Census, 2000 and State of Connecticut Department of Public Health

(5) Money Income Per Capita: \$38,351, U.S. Department of Commerce, Bureau of Census 2010, used for FY2015.

The FY2011 net long term debt has a significant increase due to the addition of \$41.5 million of long term Clean Water Fund Notes.

**CITY OF MILFORD, CONNECTICUT
 AUTHORIZED BUT UNISSUED DEBT
 JUNE 30, 2015**

Project	Total Amount of Authorization	Bonds Issued	Statutory Paydown	Grants	(May '15) Notes Due 11/9/2015	(Nov '14) Lot B Notes Due 11/9/2015	Authorized But Unissued		
							General Purpose	Schools	Sewers
This Issue:									
Recreation Facilities Improvements	\$ 1,310,000	\$ 1,304,700	\$	\$	\$	\$	\$ 5,300	\$	\$
Pepe's Farm Rd & Woodmont Rd	1,370,000	1,202,000					168,000		
Stowe Property	895,000	798,000			4,000		93,000		
Senior Center Renovation	1,950,000	1,909,000					41,000		
Milford Academy Renovations	2,650,000	2,570,500	2,250				77,250		
Various Public Improvements (Feb 04)	2,483,065	2,406,765					76,300		
Various Public Improvements (Nov 04)	3,347,500	3,152,200		68,053			127,247		
Various Public Improvements (Mar 05)	1,134,500	1,112,200	150				22,150		
Road Resurfacing	715,000	704,000					11,000		
Various Public Improvements (Feb 07)	4,620,300	3,637,185			14,000		969,115		
Various Public Improvements (Apr 08)	3,715,559	3,078,450					637,109		
Various Public Improvements (Feb 10)	6,292,000	5,826,600		12,725	14,000		438,675		
Various Public Improvements (Feb 11)	6,588,000	5,636,500				41,000	910,500		
Various Public Improvements (Apr 11)	1,685,000	1,432,000					253,000		
Eastside Firehouse	4,950,000	4,368,000			13,000		569,000		
Woodmont Beach FEMA (Mar 12)	534,000	123,000		62,819		287,000	61,181		
Various Public Improvements (Feb 12)	6,088,600	1,760,000		614,291		924,000	2,790,309		
Various Public Improvements (Feb 13)	7,578,000	2,420,500			853,000	62,000	4,242,500		
General Public Improvements	8,717,500	708,000			82,000	26,000	7,901,500		
General Public Improvements (Feb 14)	1,775,538	1,751,800					23,738		
Subtotal General Improvement	68,399,562	45,901,400	2,400	757,889	980,000	1,340,000	19,417,873	-	-
Various School Improvements (Feb 07)	18,489,511	12,591,600		5,273,438				624,473	
Various School Improvements (Apr 08)	1,440,000	1,197,000		130,736				112,264	
J. Law Phase III Construction (Aug 09)	4,050,000	2,500,000		1,332,513				217,487	
Various School Improvements (Feb 10)	9,640,000	6,121,400		2,976,430				542,170	
Various School Improvements (Feb 11)	5,630,000	3,789,000		1,512,647	21,000			307,353	
Various School Improvements (Feb 12)	12,000,000	5,000,000			5,720,000			1,280,000	
Various School Improvements (Feb 13)	9,211,060	3,375,000			4,865,000			971,060	
Various School Improvements (Feb 14)	3,698,000	613,000			1,229,000			1,856,000	
Subtotal Schools	64,158,571	35,187,000	-	11,225,764	11,835,000	-	-	5,910,807	-
Wastewater Facilities Upgrade	33,150,940	27,962,200			1,400,000	200,000			3,588,740
Sewers XIII	2,555,000	2,092,400							462,600
Sewers XIV Design Phase	930,000	589,400							340,600
East/West Interceptor	4,250,000	4,065,000							185,000
Buckingham Ave Force Main	4,650,000	4,030,000							620,000
Roger Ave Pump & High St Sewer	2,623,500	1,500,000							1,123,500
Sewers XV	4,625,000	3,120,800			25,000	30,000			1,449,200
Sewers XVI	275,000	251,000							24,000
Sewers XVII	2,753,825	2,112,000			23,000	40,000			578,825
Sewers XVIII	4,254,000	1,215,000			1,252,000	200,000			1,587,000
Sewers XIX	187,000	80,000			65,000				42,000
Subtotal Sewers	60,254,265	47,017,800	-	-	2,765,000	470,000	-	-	10,001,465
Totals	192,812,398	128,106,200	2,400	11,983,653	15,580,000	1,810,000	19,417,873	5,910,807	10,001,465

**CITY OF MILFORD, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Per Capita Income(2)</u>	<u>Total Personal Income</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2015	52,759	\$ 39,822	\$ 2,100,968,898	42.7	6,245	4.5
2014	52,759	39,822	2,100,968,898	42.5	6,602	6.0
2013	52,759	38,351	2,023,360,409	43.3	6,659	7.1
2012	52,759	38,351	2,023,360,409	43.3	6,849	6.9
2011	55,907	28,832	1,611,910,624	39.4	7,069	7.8
2010	55,907	28,882	1,614,705,974	39.4	7,166	8.6
2009	55,455	28,882	1,601,651,310	39.4	7,306	7.5
2008	55,127	28,882	1,592,178,014	39.4	7,374	5.0
2007	54,802	28,882	1,582,791,364	39.4	7,389	3.8
2006	52,305	28,882	1,510,673,010	39.4	7,597	3.7

(1) Source: U.S. Department of Commerce, Bureau of Census, 2010 and State of Connecticut Department of Public Health

(2) Source: U.S. Census Bureau/American Community Survey 2008-2012

(3) Source: City of Milford Board of Education as of October 1

(4) Source: State of Connecticut Department of Labor, Employment Security Division (Annual Average)

**CITY OF MILFORD, CONNECTICUT
PRINCIPAL EMPLOYERS
2015 AND 2006**

<u>Business Name</u>	<u>Nature of Business</u>	<u>2015</u>			<u>2006</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
City of Milford Board of Education	Municipal School System	1,324	1	4.64%	1,138	1	3.77%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	1,000	2	3.50%	684	5	2.26%
Milford Hospital	Healthcare	700	3	2.45%	802	3	2.65%
City of Milford	Municipal Government	539	4	1.89%	562	6	1.86%
Schick	Manufacturer - Razors	460	5	1.61%	692	4	2.29%
Neopost Hasler, Inc.	Postage Meter Company	381	7	1.33%			
Macy's	Retail Department Store	320	6	1.12%	325	8	1.08%
Super Stop & Shop	Food Retail	305	8	1.07%			
Costco	Wholesale Club	234	9	0.82%	242	10	0.80%
Alinabal	Manufacturer	224	10	0.78%			
New England Home Care, Inc.	Healthcare				875	2	2.90%
BIC Corporation	Manufacturer Lighters				489	7	1.62%
Wamaco (Part of HQ)	Manufacturer - Ladies Undergarment				254	9	0.84%
TOTAL		<u>5,487</u>		<u>19.22%</u>	<u>6,063</u>		<u>20.07%</u>
Total Employment		<u><u>28,546</u></u>			<u><u>30,214</u></u>		

Source: City of Milford, Office of Community Development

**CITY OF MILFORD, CONNECTICUT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government	130	127.5	125.85	117.85	126.72	126.72	125.72	125.72	125.72	123.72
Police	129	127	128	127	130	130	129	132	131	131
Fire	121	121	123	126	127	127	127	127	127	127
Refuse collection	29	31	30	31	33	33	31	33	33	33
Other public works	74	77	79	79	84	85	81	87	85	90
Wastewater	31	31	31	31	29	27	25	31	31	31
Parks and recreation	6	6	6	6	7	7	7	7	7	7
Library	18.99	19.5	19.15	19.15	19.28	19.28	19.28	19.28	19.28	19.28
Education	<u>1,086.4</u>	<u>1,076.2</u>	<u>1,106</u>	<u>1,111.97</u>	<u>1,120.75</u>	<u>1,161.85</u>	<u>1,181.85</u>	<u>1,027.57</u>	<u>1,021.32</u>	<u>1,000.34</u>
Total	<u>1625.4</u>	<u>1649</u>	<u>1676.75</u>	<u>1716.85</u>	<u>1726.85</u>	<u>1589.57</u>	<u>1580.32</u>	<u>1,562.34</u>	<u>1,537.11</u>	<u>1,528.47</u>

Source: Various City Departments

**CITY OF MILFORD, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government:										
Building permits issued	60	71	67	35	52	68	67	47	122	161
All other permits	1,019	994	1,179	3,377	2,966	2,826	2,705	3,221	3,814	4,439
Building inspections conducted	4,994	5,923	5,201	4,878	4,750	5,878	7,581	8,265	8,712	9,207
Police:										
Physical arrests	988	1,267	1,251	2,806	2,773	1,900	2,065	1,772	2,421	1,271
Parking violations	1,270	900	1,748	3,622	4,299	4,673	3,637	4,097	4,252	3,333
Traffic violations	4,112	2,260	2,221	9,277	8,341	8,224	11,507	9,241	11,450	12,698
Fire:										
Emergency responses	7,854	7,617	7,951	8,108	7,749	7,819	7,369	7,731	7,170	7,014
Fires extinguished	148	140	126	201	180	150	169	265	253	232
Refuse collection:										
Refuse collected (tons per day)	14,611.15	15,597.00	16,192.44	11,153.56	15,223.90	15,590.09	14,603.81	14,141.73	14,282.05	15,395.32
Recyclables collected (tons per day)	3,946.41	4,224.00	4,354.07	4,273.16	2,557.37	2,574.55	2,779.02	3,238.55	2,898.86	3,176.66
Other public works:										
Street resurfacing (miles)	8.30	4.70	3.27	2.5	2.26	5.84	2.50	6.23	6.06	4.50
Potholes repaired (info not available)										
Parks and recreation:										
Athletic field permits issued	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Community Center admissions	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939
Library:										
Volumes in collection	129,341	127,773	128,182	126,055	126,118	124,590	120,506	121,159	119,224	117,751
Total volumes borrowed	183,797	193,511	195,902	198,276	211,825	220,213	210,245	195,837	182,942	169,423
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7,235	8,700	8,700	10,000	10,000	8,700	10,250	10,250	11,100	11,100

Source: Various City Departments

**CITY OF MILFORD, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	42	42	40	40	40	40	40	40	40	40
Fire stations	4	4	4	5	5	5	5	5	5	5
Refuse collection:										
Collection trucks	13	13	13	15	11	11	11	11	11	11
Other public works:										
Streets (miles)	199	199	199	199	199	199	199	199	199	199
Traffic signals	136	136	136	135	134	134	134	131	131	131
Parks and recreation:										
Open space parks	8	8	8	8	8	8	8	8	8	8
Ball/Soccer/Football fields	38	38	38	38	38	38	38	38	38	38
Playgrounds	20	20	19	19	23	23	23	23	23	23
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	5	5	5	5	5	5	5	5	5	5
Beach front mileage	11	11	11	11	11	11	11	11	11	11
Public beaches	5	5	5	5	5	5	5	5	5	5
Marina	1	1	1	1	1	1	1	1	1	1
Golf course - 9-hole executive	1	1	1	1	1	1	1	1	1	1
Water:										
Fire hydrants	1,415	1,404	1,410	1,407	1,402	1,397	1,390	1,377	1,377	1,377
Storage capacity (millions of gallons)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Wastewater:										
Sanitary sewers (miles)	262	262	260	260	260	260	260	260	260	260
Treatment capacity (thousands of gallons)	14,250	14,250	14,250	14,250	14,250	14,250	11,100	11,100	11,100	11,100
Education:										
High schools	2	2	2	2	2	2	2	2	2	2
Middle schools	3	3	3	3	3	3	3	3	3	3
Elementary schools	8	8	8	8	8	9	9	9	9	9

Source: Various City Departments

**CITY OF MILFORD, CONNECTICUT
BUILDING PERMITS AND VALUE OF CONSTRUCTION
LAST TEN FISCAL YEARS**

Fiscal Year	Residential		Non-Residential		All Other(1)		Total	
	Number of Permits	Value*						
2006	137	\$ 18,661	22	\$ 44,752	4,280	\$ 71,142	4,439	\$ 134,555
2007	105	23,228	17	37,456	3,814	86,541	3,936	147,225
2008	34	7,195	13	7,828	3,223	81,867	3,268	96,890
2009	29	6,444	18	4,786	1,165	27,692	1,212	38,922
2010	50	8,735	9	5,228	1,067	36,720	1,126	50,683
2011	34	5,799	5	1,755	2,979	45,933	3,018	53,487
2012	33	5,614	2	2,835	3,377	54,638	3,412	63,087
2013	48	6,120	19	4,520	1,179	37,973	1,246	48,613
2014	63	12,221	8	1,015	994	27,818	1,065	41,054
2015	54	7,887	6	6,706	1,019	31,675	1,079	46,268

(1) "All Other" represents the number of electrical, plumbing, heating and other permits which are paid for separately, and, therefore, are not included in the figures for residential and non-residential construction permits.

Source: City of Milford, Office of Building Inspector, per Finance format and formula.

*Presented in thousands.