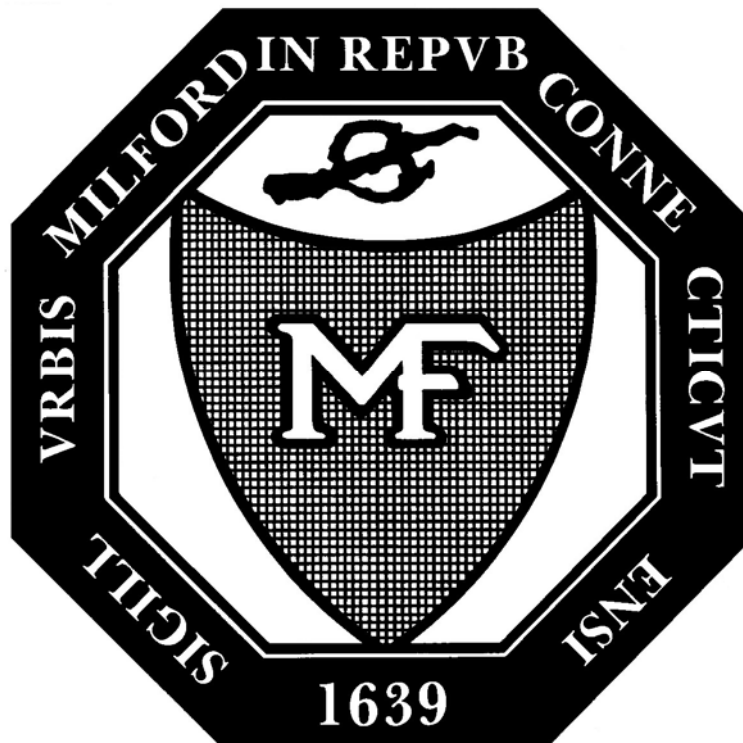


City of Milford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

City of Milford Connecticut

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

Prepared by:
City of Milford Finance Department

Judy L. Doneiko
Director of Finance

Peter A. Erodici, Jr.
City Accountant

CITY OF MILFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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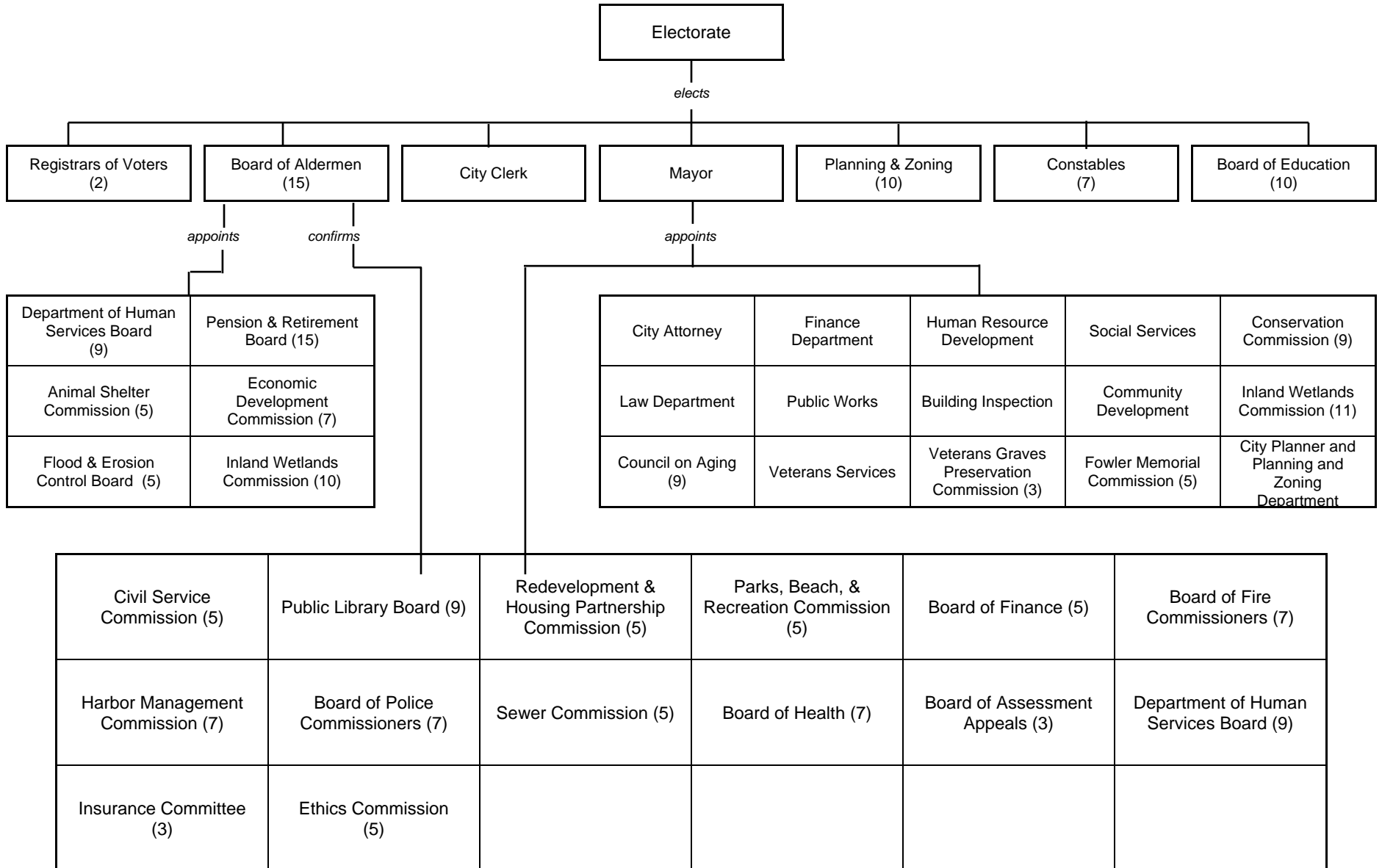
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Introductory Section

City of Milford Organizational Chart



PRINCIPAL OFFICIALS

Mayor

James L. Richetelli, Jr.

Board of Aldermen

Gregory M. Smith, Chair

Brian Bier

Anthony Giannattasio

James J. Patterson

Bernard F. Joy, Jr.

Dominick Veccharelli, Jr.

Paula L. Smith

Martin B. Hardiman

Frank J. Goodrich

Daniel J. German

Philip J. Vetro

Bill Bevan

Pamela S. Staneski

Benjamin G. Blake

Raymond G. Vitali

Board of Education

Dr. Mark Stapleton, Chair

James Tranquilli, Jr.

Gregory L. Oliver, Jr.

Tracy Casey

Jack O'Connell, Sr.

Robert M. White

Diane Kruger-Carroll

David B. Amendola

Josip Ivan Jukic

Suzanne L. DiBiase

Appointed Officials

Michael Cummings, Acting Superintendent of Schools

Winthrop S. Smith, Jr., 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 15, 2010

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, 2010 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 55,907 (July 2008 State of Connecticut Department of Public Health). 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) member 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 2000 census data shows that Milford's median family income was \$71,226, compared to the State's \$65,521 and the median age of a Milford resident is 39.4 years.

The City's unemployment rate was 9.0% through August 2010 as compared to the State of Connecticut at 9.3%. The increase in the unemployment rate from 7.5% to 9.0% 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, 2009 was \$5.431 billion which represents 1% growth over the grand list of October 1, 2008. The top ten taxpayers have been relatively stable over the past two years and represent 8.99% of the grand list.

There is no doubt that Milford is feeling the effects of the national and international economic downturn. However, Milford continues to see signs of growth.

The production of energy continues to be one of the major drivers of Milford's economic growth. The East Devon transmission substation will service the high voltage lines into Fairfield County and a joint venture by NRG and UI called GenConn will add 200 Megawatt of peaking power to the grid. Both are under construction and scheduled to be completed in 2010. Another energy project was the completion of Iroquois Gas Milford Compressor Station that opened in January 2009. This station will boost the flow of natural gas through the pipeline that runs through the City. A fourth energy related project, a 9-megawatt fuel cell power plant planned by Enbridge Inc., will be built on Southern Connecticut Gas Company property in Milford.

The corporate office component of Milford's economy was boosted at the end of calendar 2008, by Hasler Neopost USA, maker of postage meters, has moved more than 150 jobs here from California. All of their senior decision-makers are now based in Milford. Ann Taylor's back office operation added 15,000sf to its significant presence. Both are located in the Crown Corporate Center's on Wheelers Farm Road.

Milford Hospital plans to expand its facility on the Boston Post Road. It is scheduled to break ground in late 2010 on a 3-story, 33,000sf building to expand medical services and provide additional physician and specialist offices. The Walk-In Center will be expanded.

1-800-Pack-Rat, LLC, has leased 40,000 square feet of warehouse space at 125 Old Gate Lane in Milford. The company's rapid growth necessitated the expansion and relocation. Subway Shipping Center Company Inc. and Outland Engineering Inc. have subleased office and warehouse space at 500 Bic Drive. The Subway restaurant chain franchise has 29,000 locations in 86 countries. Outland Engineering is a maker of A/C Safe brand air conditioner accessories.

Milford Plaza, 155-213 Cherry St, was sold by Heyman Associates to Stonemar Properties LLC, a New York City-based real estate investment company, for \$30 million. The shopping center has 180,101sf and is 88% occupied. Across the street, Summit Development has acquired the former Showcase Cinema site. No plans have been announced.

EAO Switch Corporation, the world's largest privately held switch company, has solidified its presence in Connecticut with their lease of 25,000 square feet at 100 Washington Street in Milford.

The fire at Milford Fabricating on Erna Avenue leveled the building. No lives were lost due to the quick action by company officials, and the company was up and running within 3 weeks in 50,000sf of the former Bic complex.

ALDI International, the discount grocer headquartered in Germany, is continuing its expansion in Connecticut with the 40-year land lease of 232-242 Boston Post Road in Milford. Formally the home of Gloria's of Milford, this 18,000 square foot space is now a state of the art retail building which opened for business September 2, 2009.

Milford was named one of the nation's 100 Best Communities for Young People to live in by America's Promise Alliance for the third year in a row and one of 10 best places in the U.S for single seniors by US News and World Report.

Ceruzzi Development opened Lowe's Home Improvement Center at the former Jai Alai site in the spring of 2008 and has added a Hilton Garden Inn (March 09), a couple of restaurants, and a bank. Construction was completed in the spring of 2008 at another Ceruzzi project, Milford Crossing, a 400,000sf shopping center featuring Walmart, Barnes and Noble, Staples, and a number of other retail stores. Just down the Post Road, Milford Marketplace also opened in the spring of 2008. This is an upscale mall featuring J. Jill, Banana Republic, Chico's, Coldwater Creek and other similar stores. These major retail developments on the Boston Post Road have added new stores with more to come. Foot Locker, Carters, Oshkosh, Tengda Restaurant came to Milford Marketplace. Whole Foods hired 200 team members to staff their store that opened November 2009 at the Marketplace. Plans were approved for a full-service 96-room Holiday Inn Express and a major conference center at 185 Plains Road.

Devon, Walnut Beach and Downtown are areas of focus for Community Development. Devon is well into Phase III of its revitalization effort with the streetscape from Kerema Ave to Naugatuck Ave to be completed this year. Walnut Beach has a \$1 million grant that will be used to improve beach access, streetscape, Walnut Beach improvements and further Stowe Farm (an arts center) development. The Arts District concept continues to evolve with the opening of the SoBoBo Gallery, Collected Stories, and the Walnut Beach Café. Downtown has seen openings of Village Vogue, Mood Swings, Cloud Nine, among others. The vacant Harrison's Hardware was recently purchased and a restaurant is planned for the site, adding to the cuisine of downtown.

One of the most blighted buildings in town at 1034 Bridgeport Avenue is being given a makeover by ShowMotion, Inc., a company that builds sets for theaters.

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, 2010, 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 Mayor and the Finance Director use a guideline that debt service shall not exceed 10% of the respective year budget. For FY2010, debt service represents approximately 6% of the budget.

Use of Fund Balance

The Mayor and the Board of Aldermen have followed an informal guideline of maintaining a minimum of 5% of the current year budget in unreserved, undesignated 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. During the budget deliberations for FY10, the Board of Aldermen voted to freeze the 5 year phase in of the 2006 revaluation of property after only 40 % of the change in values had been recognized. This was permitted by state legislation. The values will remain at these levels until the next revaluation of October 2011 which will impact the FY13 budget.

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, which began a downturn in 2008 and remain sluggish. Of these items, the only one with an expected continuing decline is investment income. The FY10 budget was reduced by \$400,000 to a level of \$300,000 and the FY11 budget contains only \$120,000. The City earned \$466.5 thousand in FY09 and \$152.3 thousand in FY10.

The City has also recognized the impacts of the economy on the State budget and is conservative in planning for State grants. For FY10 and FY11, the City planned for reductions in most grants and some with level funding. In FY01, state grants were \$16.8 million and funded 13.9% of the City's budget. In FY11, state grants were budgeted at \$13.7 million, which was 7.9% of the budget.

In FY10, the State Legislature established the State Fiscal Stabilization Fund (SFSF) which funded approximately 14% (approximately \$1.5 million) of the Education Cost Sharing (ECS) grants for FY10 and FY11 to the City. This is a major grant for the City. The money for the SFSF came as a grant from the Federal Government and the \$1.5

million had to go directly to the Board of Education, not through the General Fund. Milford had already adopted its budget at this point in time. By a special act approved by the State Legislature, the City was able to reduce the Education Operations (EO) budget and the grant budget by the \$1.5 million. For the FY11 budget, the reduced amounts for the ECS grant and the EO budget were presented and approved during the budget process.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. FY10 had no new positions added, but a Police Officer position was added during the fiscal year by the Board of Aldermen and funded with savings in the department. The Department of Permitting and Land Use was created in FY10 and combined Planning and Zoning, Building Inspection, and Inland Wetlands into one department. An interim director and a clerical employee were paid with savings from these departments as Seasonal Temporary employees. FY11 had one Police Officer added. The City negotiated 0% increase for FY10 and 2% for FY11 for all City unions and gave the same to the nonrepresented employees. In FY10 and FY11, the EO budget increased 1.35% and 2.25% and the City's budget increased (decreased) (0.80)% and 2.80% respectively. The FY11 EO budget reflects the closure of one elementary school and the related reduction of approximately 40 staff.

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 expire June 30, 2011 and negotiations will begin in early 2011. The Police Union contract expires June 30, 2012. The City will have to balance fixed asset and infrastructure maintenance/improvements while keeping debt service at a manageable level. The City plans to keep the pension plans 100% funded. 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 8)

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 10 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.

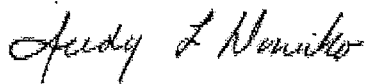
Certificate of Achievement for Excellence in Financial Reporting. The government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Milford for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the fifth 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 Peter Erofici for his assistance and contributions. In addition, the accounting firm of Blum Shapiro, 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 financial affairs.

Respectfully submitted,

A handwritten signature in cursive script that reads "Judy L. Doneiko".

Judy L. Doneiko
Director of Finance

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Members of the Board of Alderman
City of Milford, Connecticut

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, 2010, which collectively comprise the City of Milford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of the City of Milford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 49 through 54 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

December 15, 2010

CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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, 2010. This is the ninth 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 assets decreased as a result of this year's operations. Net assets of our business-type activities decreased by \$94 thousand and net assets of our governmental activities decreased by \$12.1 million.
- During the year, the City had expenses that were \$12.1 million more than the \$203.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$215.8 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$17.8 million and an unreserved, undesignated fund balance of \$14.5 million.
- The resources available for appropriation were \$432 thousand more than budgeted for the General Fund. Expenditures were \$1.3 million less than final appropriations.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-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 assets 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 assets and changes in them. The City's net assets, 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 assets 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 assets 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 assets 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 assets 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 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 assets and changes in fiduciary net assets. 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 assets decreased from \$145.2 million to \$133 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 100,090	\$ 97,792	\$ 624	\$ 659	\$ 100,714	\$ 98,451
Capital assets	269,460	264,120	3,284	3,341	272,744	267,461
Total assets	<u>369,550</u>	<u>361,912</u>	<u>3,908</u>	<u>4,000</u>	<u>373,458</u>	<u>365,912</u>
Long-term debt outstanding	199,185	134,571			199,185	134,571
Other liabilities	41,204	86,080	19	17	41,223	86,097
Total liabilities	<u>240,389</u>	<u>220,651</u>	<u>19</u>	<u>17</u>	<u>240,408</u>	<u>220,668</u>
Net assets:						
Invested in capital assets, net of debt	143,992	135,747	3,284	3,341	147,276	139,088
Restricted	259	260			259	260
Unrestricted	<u>(15,090)</u>	<u>5,254</u>	<u>605</u>	<u>642</u>	<u>(14,485)</u>	<u>5,896</u>
Total Net Assets	<u>\$ 129,161</u>	<u>\$ 141,261</u>	<u>\$ 3,889</u>	<u>\$ 3,983</u>	<u>\$ 133,050</u>	<u>\$ 145,244</u>

Net assets of the City's governmental activities decreased by 8.6% (\$129.1 million compared to \$141.3 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased to a deficit of \$15.1 million at the end of this year. This was mainly due to the increased net OPEB obligation of \$18.4 million.

There was only a slight change in the net assets of business-type activities from 2009 to 2010. The City generally can only use these net assets to finance the continuing operations of the Milford Golf Course and the Harbor Management.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,251	\$ 7,585	\$ 319	\$ 328	\$ 7,570	\$ 7,913
Operating grants and contributions	28,258	27,647	38	74	28,296	27,721
Capital grants and contributions	454	4,081			454	4,081
General revenues:						
Property taxes	152,330	152,856			152,330	152,856
Grants and contributions not restricted to specific purposes	13,040	12,475			13,040	12,475
Unrestricted investment earnings	1,080	689	2	7	1,082	696
Other general revenues	809	375			809	375
Total revenues	<u>203,222</u>	<u>205,708</u>	<u>359</u>	<u>409</u>	<u>203,581</u>	<u>206,117</u>
Expenses:						
General government	7,542	7,796			7,542	7,796
Administration	3,625	3,677			3,625	3,677
Public safety	35,817	36,067			35,817	36,067
Public services	31,252	29,066			31,252	29,066
Education	124,894	123,520			124,894	123,520
Health and welfare	5,313	5,709			5,313	5,709
Grants to agencies	3,656	3,735			3,656	3,735
Interest on long-term debt	3,226	3,471			3,226	3,471
Milford Golf Course			115	92	115	92
Harbor management			335	420	335	420
Total program expenses	<u>215,325</u>	<u>213,041</u>	<u>450</u>	<u>512</u>	<u>215,775</u>	<u>213,553</u>
Transfers in / (out)	<u>3</u>		<u>(3)</u>		<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ (12,100)</u>	<u>\$ (7,333)</u>	<u>\$ (94)</u>	<u>\$ (103)</u>	<u>\$ (12,194)</u>	<u>\$ (7,436)</u>

The City's total revenues were \$203.6 million. The total cost of all programs and services was \$215.8 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues decreased \$2.5 million from 2009. This was mainly due to the decrease of \$3.6 million in Capital grants and contributions (mainly the final portion of Clean Water Fund grants to the Sewer Renovation Project). Investment earnings increased \$400 thousand due to more funds on deposit. Property taxes decreased by \$500 thousand, even though the Grand List increased. This was due to a reduction of the mill rate.

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	
	2010	2009	2010	2009
Public safety	\$ 35,817	\$ 36,067	\$ 33,828	\$ 35,194
Public services	31,252	29,066	28,699	23,478
Education	124,894	123,520	96,717	94,525
All others	23,362	24,388	20,118	21,637
Totals	\$ 215,325	\$ 213,041	\$ 179,362	\$ 174,834

Business-Type Activities

Revenues of the City’s business-type activities (see Table 2) decreased by 12.2% (\$359 thousand in 2010 compared to \$409 thousand in 2009) and expenses decreased by 12.1%. The decreased revenues were in Harbor Management. Even though expenses decreased, they did not decrease enough to yield positive results. Both of those occurrences caused a reduction in net assets.

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 \$29.6 million, which is much improved over last year’s deficit of (\$19.8) million. The primary reason for the increases to fund balance was the large amount of bonds issued and the permanent financing of borrowing in the Sanitary Sewer Fund. Included in this year’s total change in fund balance, is a decrease of \$1.4 million in the City’s General Fund and \$500 thousand in Nonmajor Governmental Funds. The primary reasons for the General Fund’s decrease mirrors the governmental activities analysis highlighted in Exhibit IV.

Proprietary Funds

The Internal Service Funds net assets decreased \$1.2 million primarily due to increases to operating expenses and reduced employer contributions. The Enterprise Funds net assets decreased from last year by \$94 thousand.

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$900 thousand due to a higher collection rate than was used in the budget.
- State aid was down \$2.3 million in the General Fund. Most of this decrease was due to the \$1.5 million reduction in the Educational Cost Sharing Grant (ECS). The \$1.5 million went directly to the Board of Education as part of the State Fiscal Stabilization Funds (SFSF) under the American Recovery and Reinvestment Act (ARRA). The money is accounted for in Special Education Grants, a special revenue fund. The Manufacturer's Machinery and Equipment Grant was reduced \$450 thousand. The remaining decrease was spread amongst several grants.
- Investment Income - revenues from the investment of idle funds were lower than budgeted by \$191 thousand due to lower interest rates and less money on deposit.
- Other Revenue was \$130 thousand greater than budget mainly due to a higher than budgeted sale of real property.
- Licenses, Permits and Other Charges were \$145 thousand below budget mainly due to lower than anticipated conveyance taxes for the sale of real estate (\$180 thousand) and building inspection fees (\$93 thousand). These income categories are directly related to the economy and decline in bad economic times.
- Department Expenditures - No departments overspent their budget. The municipal-controlled portions of the budget were responsible for the entire favorable variance of \$1.34 million.

The City's General Fund balance of \$17.8 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14.5 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes a \$3.3 million of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010, the City had \$269.5 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 \$5.4 million, or 2.0%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 33.3	\$ 32.9	\$ 1.7	\$ 1.7	\$ 35.0	\$ 34.6
Construction in progress	98.8	91.4			98.8	91.4
Buildings and improvements	78.9	79.9	1.3	1.3	80.2	81.2
Machinery and equipment	7.2	8.3	0.3	0.3	7.5	8.6
Infrastructure	51.3	51.6			51.3	51.6
Totals	\$ 269.5	\$ 264.1	\$ 3.3	\$ 3.3	\$ 272.8	\$ 267.4

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

Police Vehicles	\$ 256
Public Works Equipment and Vehicles	184
Police Target Practice Building	351
Fire Department Equipment and Vehicles	227
Homeland Security Equipment	288
Roads	639
Land	460
School Additions and Renovations	5,756
Sewer Installations	685
Sewer Facilities Upgrade	<u>2,089</u>
Total	\$ <u>10,935</u>

The City's fiscal-year 2010-11 capital plan has \$19.4 million of capital projects planned. School building renovations are estimated at \$6.9 million, sewer projects at \$3.4 million, and public service projects at \$9.1 million. Of the total estimated \$19.4 million, it is expected to finance \$13.4 million with bonds and \$8.0 million with grants. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2010 the City had \$150 million in bonds and notes outstanding versus \$102.7 million last year - an increase of 46.1% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 8.

Table 5
OUTSTANDING DEBT
(In Thousands)

	Governmental	
	Activities	
	2010	2009
General obligation bonds (backed by the City)	\$ 82,985	\$ 74,220
Bond anticipation notes (backed by the City)	23,633	26,410
Long-term note payable	43,426	2,062
Totals	<u>\$ 150,044</u>	<u>\$ 102,692</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 2011 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 increased to 9.0% from 6.9%. In comparison, the figures for the State of Connecticut have increased to 9.3% from 8.4%. Inflation in the Bridgeport area was 1.4% and the State was 1.5%. This was used to factor in increases for supplies and services.

The trend in health claims had leveled off and a 7.0% increase in health insurance claims was assumed. Property and casualty insurance is on a fully insured basis for FY11. It was also anticipated that property tax collection could slow down due to the general slowdown in the economy. Therefore a current year tax collection rate of 97.85% was used even though the actual collection rates for fiscal year 2009, 2008 and 2007 were 97.62%, 98.5% and 99.34%, respectively. State grants were assumed to fund only 8.02% of the 2011 budget as compared to 8.26% of the 2010 budget.

These indicators were taken into account when adopting the General Fund budget for 2010-11. The adopted budget for FY 2011 is \$175.5 million, an increase of 2.47% over the final 2010 budget of \$171.3 million. No new programs or initiatives were added to the 2011 budget. Property taxes will fund 87.2% of the 2011 budget as compared to 83.4% of the 2010 budget. The taxes raised were increased due to a 2.47% increase of the budget and the use of \$1.75 million less of fund balance.

It should be noted that both the 2009-10 and 2010-11 budgets are \$1.5 million lower because grant money that is normally recorded in the General Fund went directly to the Board of

Education Special Grants Fund. This \$1.5 million came from the Federal American Recovery and Reinvestment Act and is discussed under General Fund Budgetary highlights.

If these estimates are realized, the City's June 30, 2011 budgetary General Fund balance is expected to be \$2.0 million lower than the June 30, 2010 budgetary General Fund balance because of the use of that amount of money to balance the budget.

As for the City's business-type activities, we expect that the 2010-11 results will improve due to more rounds of golf 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 ASSETS

JUNE 30, 2010

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 82,702	\$ 608	\$ 83,310
Investments	116		116
Receivables, net	16,292	22	16,314
Internal balances	6	(6)	-
Inventory	20		20
Prepaid items and other assets	929		929
Net pension asset	25		25
Capital assets:			
Capital assets not being depreciated	132,050	1,681	133,731
Capital assets being depreciated, net	<u>137,410</u>	<u>1,603</u>	<u>139,013</u>
Total assets	<u>369,550</u>	<u>3,908</u>	<u>373,458</u>
Liabilities:			
Accounts and other payables	16,248	19	16,267
Unearned revenue	1,323		1,323
Bond anticipation notes payable and interim financing	23,633		23,633
Noncurrent liabilities:			
Due within one year	15,297		15,297
Due in more than one year	<u>183,888</u>		<u>183,888</u>
Total liabilities	<u>240,389</u>	<u>19</u>	<u>240,408</u>
Net Assets:			
Invested in capital assets, net of related debt	143,992	3,284	147,276
Restricted for:			
Trust purposes:			
Expendable	259		259
Unrestricted	<u>(15,090)</u>	<u>605</u>	<u>(14,485)</u>
Total Net Assets	<u>\$ 129,161</u>	<u>\$ 3,889</u>	<u>\$ 133,050</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, 2010

(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 7,542	\$ 1,178	\$ 514	\$	\$ (5,850)	\$	\$ (5,850)
Administration	3,625				(3,625)		(3,625)
Public safety	35,817	1,834	155		(33,828)		(33,828)
Public services	31,252	1,385	714	454	(28,699)		(28,699)
Education	124,894	2,682	25,495		(96,717)		(96,717)
Health and welfare	5,313	172	1,380		(3,761)		(3,761)
Grants to agencies	3,656				(3,656)		(3,656)
Interest on long-term debt	3,226				(3,226)		(3,226)
Total governmental activities	<u>215,325</u>	<u>7,251</u>	<u>28,258</u>	<u>454</u>	<u>(179,362)</u>	<u>-</u>	<u>(179,362)</u>
Business-type activities:							
Milford Golf Course	115	70				(45)	(45)
Harbor Management	335	249	38			(48)	(48)
Total business-type activities	<u>450</u>	<u>319</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>(93)</u>
Total	<u>\$ 215,775</u>	<u>\$ 7,570</u>	<u>\$ 28,296</u>	<u>\$ 454</u>	<u>(179,362)</u>	<u>(93)</u>	<u>(179,455)</u>
General revenues:							
Property taxes					152,330		152,330
Grants and contributions not restricted to specific programs					13,040		13,040
Unrestricted investment earnings					1,080	2	1,082
Other general revenues					809		809
Transfers					3	(3)	-
Total general revenues and transfers					<u>167,262</u>	<u>(1)</u>	<u>167,261</u>
Change in net assets					(12,100)	(94)	(12,194)
Net assets, July 1, 2009					<u>141,261</u>	<u>3,983</u>	<u>145,244</u>
Net Assets, June 30, 2010					<u>\$ 129,161</u>	<u>\$ 3,889</u>	<u>\$ 133,050</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010
(In Thousands)

	<u>General</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	\$ 29,168	\$ 6,608	\$ 10,079	\$ 7,863	\$ 14,336	\$ 68,054
Investments	116					116
Receivables, net	15,277	12			482	15,771
Due from other funds	624	768	2		667	2,061
Inventories					20	20
Prepaid items and other assets	852	77				929
Total Assets	<u>\$ 46,037</u>	<u>\$ 7,465</u>	<u>\$ 10,081</u>	<u>\$ 7,863</u>	<u>\$ 15,505</u>	<u>\$ 86,951</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 9,684	\$ 72	\$ 343	\$ 1,058	\$ 1,771	\$ 12,928
Other liabilities	1,545	55	152	379		2,131
Due to other governments	400	18				418
Due to other funds	830	1,102		3	330	2,265
Deferred revenue	15,775				202	15,977
Bond anticipation notes payable and interim financing		3,493	8,295	11,845		23,633
Total liabilities	<u>28,234</u>	<u>4,740</u>	<u>8,790</u>	<u>13,285</u>	<u>2,303</u>	<u>57,352</u>
Fund balances:						
Reserved	3,341	1,157	10,024	6,990	1,539	23,051
Unreserved, reported in:						
General Fund	14,462					14,462
Special Revenue Funds					7,265	7,265
Debt Service Fund					4,387	4,387
Capital Project Funds		1,568	(8,733)	(12,412)	11	(19,566)
Total fund balances	<u>17,803</u>	<u>2,725</u>	<u>1,291</u>	<u>(5,422)</u>	<u>13,202</u>	<u>29,599</u>
Total Liabilities and Fund Balances	<u>\$ 46,037</u>	<u>\$ 7,465</u>	<u>\$ 10,081</u>	<u>\$ 7,863</u>	<u>\$ 15,505</u>	<u>\$ 86,951</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

(In Thousands)

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

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

Fund balances - total governmental funds	\$	29,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	392,817
Less accumulated depreciation		<u>(123,357)</u>
Net capital assets		269,460
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		25
Property tax receivables greater than 60 days		7,072
Interest receivable on property taxes		4,408
Assessments receivable		807
Interest receivable on assessments		90
Receivable from the state for school construction projects		2,367
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 assets.		
		9,984
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(126,411)
Interest payable on bonds and notes		(564)
Compensated absences		(17,416)
Capital lease		(44)
Net OPEB obligation		(51,203)
Deferred charges on refunding		<u>987</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>129,161</u></u>

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 FUNDSFOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	<u>General</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	\$ 146,157	\$	\$	\$	\$ 5,271	\$ 151,428
Fines, forfeitures, penalties and interest	993					993
Intergovernmental	22,212	2,533	454	2,442	9,266	36,907
Charges for services	2,260	1,184			4,165	7,609
Investment income	152	10			69	231
Other	3,869				2,248	6,117
Total revenues	<u>175,643</u>	<u>3,727</u>	<u>454</u>	<u>2,442</u>	<u>21,019</u>	<u>203,285</u>
Expenditures:						
Current:						
General government	3,419				1,562	4,981
Administration	2,397					2,397
Public safety	22,448				1,264	23,712
Public services	11,401				8,548	19,949
Education	106,657				9,214	115,871
Health and welfare	1,629				1,925	3,554
General charges	15,948					15,948
Grants to agencies	2,504					2,504
Capital outlay		4,571	4,726	5,126		14,423
Debt service	10,048					10,048
Total expenditures	<u>176,451</u>	<u>4,571</u>	<u>4,726</u>	<u>5,126</u>	<u>22,513</u>	<u>213,387</u>
Deficiency of revenues over expenditures	<u>(808)</u>	<u>(844)</u>	<u>(4,272)</u>	<u>(2,684)</u>	<u>(1,494)</u>	<u>(10,102)</u>
Other financing sources (uses):						
Issuance of bonds and notes		2,746	50,500	6,000		59,246
Proceeds from sale of refunding bonds	16,087					16,087
Payment to refunded bond escrow agent	(15,899)					(15,899)
Sale of capital assets	98					98
Transfers in	545	490			1,298	2,333
Transfers out	(1,466)	(545)			(319)	(2,330)
Total other financing sources (uses)	<u>(635)</u>	<u>2,691</u>	<u>50,500</u>	<u>6,000</u>	<u>979</u>	<u>59,535</u>
Net change in fund balances	(1,443)	1,847	46,228	3,316	(515)	49,433
Fund balance, July 1, 2009	<u>19,246</u>	<u>878</u>	<u>(44,937)</u>	<u>(8,738)</u>	<u>13,717</u>	<u>(19,834)</u>
Fund Balance, June 30, 2010	<u>\$ 17,803</u>	<u>\$ 2,725</u>	<u>\$ 1,291</u>	<u>\$ (5,422)</u>	<u>\$ 13,202</u>	<u>\$ 29,599</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ 49,433
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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	10,371
Depreciation expense	(4,306)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(725)
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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	(603)
Property tax receivable - accrual basis change	751
Property tax interest and lien revenue - accrual basis change	159
Sewer assessment receivable - accrual basis change	(361)
Sewer assessment interest receivable - accrual change	(9)
Net pension asset	(1)

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 assets. 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	9,378
Payments to bond refunding agent	15,899
Issuance of bonds and notes	(74,567)
Capital lease payments	40
Bond issuance costs	188
Premium on bonds refunded	(617)

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	2,560
Accrued interest	(8)
Amortization of deferred charge on refunding	(103)
Net OPEB expense	(18,356)

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.

(1,223)

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (12,100)</u>
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The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2010

(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	\$ 261	\$ 347	\$ 608	\$ 14,648
Receivables, net	22		22	431
Due from other funds			-	697
Total current assets	<u>283</u>	<u>347</u>	<u>630</u>	<u>15,776</u>
Capital assets, net	1,859	1,425	3,284	
Total assets	<u>2,142</u>	<u>1,772</u>	<u>3,914</u>	<u>15,776</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities	10	9	19	207
Due to other funds		6	6	487
Total current liabilities	<u>10</u>	<u>15</u>	<u>25</u>	<u>694</u>
Noncurrent:				
Risk management claims			-	5,098
Total liabilities	<u>10</u>	<u>15</u>	<u>25</u>	<u>5,792</u>
Net Assets:				
Invested in capital assets	1,859	1,425	3,284	
Unrestricted	<u>273</u>	<u>332</u>	<u>605</u>	<u>9,984</u>
Total Net Assets	<u>\$ 2,132</u>	<u>\$ 1,757</u>	<u>\$ 3,889</u>	<u>\$ 9,984</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 ASSETS -
PROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	Business-Type Activities			Governmental
	Milford Golf Course	Harbor Management	Total	Internal Service
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 27,392
Intergovernmental revenues		38	38	
Charges for services	70	249	319	4,648
Other			-	286
Total operating revenues	<u>70</u>	<u>287</u>	<u>357</u>	<u>32,326</u>
Operating expenses:				
Health and welfare	99	294	393	
Depreciation	16	41	57	
Insurance premiums and claims expense			-	33,589
Total operating expenses	<u>115</u>	<u>335</u>	<u>450</u>	<u>33,589</u>
Operating loss	(45)	(48)	(93)	(1,263)
Nonoperating revenue:				
Interest income	1	1	2	40
Transfers out		(3)	(3)	
Change in net assets	(44)	(50)	(94)	(1,223)
Total net assets, July 1, 2009	<u>2,176</u>	<u>1,807</u>	<u>3,983</u>	<u>11,207</u>
Total net assets, June 30, 2010	<u>\$ 2,132</u>	<u>\$ 1,757</u>	<u>\$ 3,889</u>	<u>\$ 9,984</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, 2010
(In Thousands)

	Business-Type Activities			Governmental
	Milford Golf Course	Harbor Management	Total	Internal Service
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 70	\$ 249	\$ 319	\$ 31,449
Grant receipts		38	38	
Cash paid to employees		(292)	(292)	
Cash paid to vendors	(99)		(99)	
Cash payments for claims paid			-	(34,005)
Net cash used in operating activities	<u>(29)</u>	<u>(5)</u>	<u>(34)</u>	<u>(2,556)</u>
Cash flows from investing activities:				
Interest and dividends received	<u>1</u>	<u>1</u>	<u>2</u>	<u>40</u>
Net cash provided by investing activities	<u>1</u>	<u>1</u>	<u>2</u>	<u>40</u>
Net decrease in cash and cash equivalents	(28)	(4)	(32)	(2,516)
Cash and cash equivalents at beginning of year	<u>289</u>	<u>351</u>	<u>640</u>	<u>17,164</u>
Cash and Cash Equivalents at End of Year	<u>\$ 261</u>	<u>\$ 347</u>	<u>\$ 608</u>	<u>\$ 14,648</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (45)	\$ (48)	\$ (93)	\$ (1,263)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	16	41	57	
Decrease in due from other funds			-	(639)
Decrease in accounts receivable			-	(238)
Increase (decrease) in accounts payable and accrued liabilities		2	2	(416)
Net Cash Used in Operating Activities	<u>\$ (29)</u>	<u>\$ (5)</u>	<u>\$ (34)</u>	<u>\$ (2,556)</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 17,363	\$ 1,288
Investments:		
Certificate of deposits		150
Corporate bonds	45,119	
U.S. government obligations	5,210	
Marketable equity securities	184,183	
Asset backed securities	32,344	
Alternative investments	27,681	
Mutual funds	1,967	
Total investments	<u>296,504</u>	<u>150</u>
Receivables	<u>1</u>	
Total assets	<u>313,868</u>	<u>\$ 1,438</u>
Liabilities:		
Accounts and other payables	408	\$
Due to employees and students		<u>1,438</u>
Total liabilities	<u>408</u>	<u>\$ 1,438</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 313,460</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	Pension Trust Funds
	<u> </u>
Additions:	
Contributions:	
Plan members	\$ <u>1,974</u>
Miscellaneous	<u>113</u>
Investment income:	
Net appreciation in fair value of investments	24,074
Interest and dividends	8,975
Net gain on sale of investments	<u>9,482</u>
	42,531
Less investment expense	<u>(2,519)</u>
Net investment gain	<u>40,012</u>
Total additions	<u>42,099</u>
Deductions:	
Benefit payments and withdrawals	17,703
Administration	15
Other	<u>130</u>
Total deductions	<u>17,848</u>
Net increase	24,251
Net assets held in trust for pension benefits, beginning of year	<u>289,209</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 313,460</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(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 assets 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 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 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 Sanitary Sewer Fund is used to account for activities related to the construction of sanitary sewers.

The School Facilities Fund is used to account for construction of school buildings and additions.

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 Pension Trust Funds account for the activities of the Milford Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

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.

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. An amount of \$662 has been established as an allowance for uncollectible taxes. At June 30, 2010, this represents 8.0% of all property taxes receivable.

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

H. 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 assets.

I. 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 assets. 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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following is a summary of fund balance reservations at June 30, 2010:

	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Sanitary Sewer</u>	<u>School Facilities</u>	<u>Other Nonmajor Funds</u>
Reserved for encumbrances	\$ 3,319	\$ 1,080	\$ 10,024	\$ 6,990	\$ 457
Reserved for other purposes	<u>22</u>	<u>77</u>	<u> </u>	<u> </u>	<u>1,082</u>
Total	<u>\$ 3,341</u>	<u>\$ 1,157</u>	<u>\$ 10,024</u>	<u>\$ 6,990</u>	<u>\$ 1,539</u>

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. Allocation transfers of \$29 were approved during the fiscal year. A negative appropriation of \$1,531 was also made to offset the grant revenue that went directly to the Board of Education.

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 a reservation of 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 reservations of fund balances since they do not constitute expenditures or liabilities.

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 a reservation of fund balance on a GAAP basis of accounting.
- In accordance with Governmental Accounting Standards Board 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 fund had a deficit fund balance at June 30, 2010:

	<u>Amount</u>
Major:	
School Facilities Fund	\$ (5,422)

This deficit 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.

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

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*, \$24,997 of the City’s bank balance of \$28,859 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,623
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>1,374</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 24,997</u></u>

Cash Equivalents

At June 30, 2010 the City’s cash equivalents amounted to \$73,585. 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 and Poor’s</u>
StateTax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset Management	
- Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m
State Short Term Investment Fund (STIF)	AAA/m
Money market funds*	

*Not rated

Investments

As of June 30, 2010, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Government obligations	AAA	\$ 5,210	\$	\$ 5,000	\$ 210
Asset backed securities	AAA	32,344			32,344
Corporate bonds	AAA to A-	18,346		15,548	2,798
Corporate bonds	BBB+ to B-	25,690		23,482	2,208
Corporate bonds	CCC+ to CC	1,083		1,083	
Certificates of deposit	*	266	150	116	
Total		82,939	\$ 150	\$ 45,229	\$ 37,560
Other investments:					
Equities		211,864			
Mutual funds		1,967			
Total Investments		\$ 296,770			

*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, 2010, 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.

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>Capital Nonrecurring Fund</u>	<u>Milford Golf Course</u>	<u>Nonmajor and Aggregate Remaining Funds</u>
Receivables:				
Taxes	\$ 13,081	\$	\$	\$
Accounts	35	12	22	493
Special assessments	808			158
Intergovernmental	<u>2,398</u>			<u>263</u>
Gross receivables	16,322	12	22	914
Less allowance for uncollectibles:	<u>(1,045)</u>			
Net Total Receivables	<u>\$ 15,277</u>	<u>\$ 12</u>	<u>\$ 22</u>	<u>\$ 914</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also deferred revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 11,480	\$
Taxes collected in advance		1,121
Assessments not yet due	807	
School building grant	2,367	
Grant drawdowns prior to meeting all eligibility requirements		8
Other deferred revenue		<u>194</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 14,654</u>	<u>\$ 1,323</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 32,937	\$ 460	\$ (98)	\$ 33,299
Construction in progress	91,326	8,064	(639)	98,751
Total capital assets not being depreciated	<u>124,263</u>	<u>8,524</u>	<u>(737)</u>	<u>132,050</u>
Capital assets being depreciated:				
Buildings and improvements	130,136	991		131,127
Improvements other than buildings	2,096			2,096
Machinery and equipment	34,563	954	(779)	34,738
Infrastructure	92,167	639		92,806
Total capital assets being depreciated	<u>258,962</u>	<u>2,584</u>	<u>(779)</u>	<u>260,767</u>
Less accumulated depreciation for:				
Buildings and improvements	(51,909)	(1,850)		(53,759)
Improvements other than buildings	(382)	(144)		(526)
Machinery and equipment	(26,203)	(1,379)	54	(27,528)
Infrastructure	(40,611)	(933)		(41,544)
Total accumulated depreciation	<u>(119,105)</u>	<u>(4,306)</u>	<u>54</u>	<u>(123,357)</u>
Total capital assets being depreciated, net	<u>139,857</u>	<u>(1,722)</u>	<u>(725)</u>	<u>137,410</u>
Governmental Activities Capital Assets, Net	<u>\$ 264,120</u>	<u>\$ 6,802</u>	<u>\$ (1,462)</u>	<u>\$ 269,460</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,681	\$ -	\$ -	\$ 1,681
Capital assets being depreciated:				
Buildings and system	468			468
Improvements other than buildings	1,231			1,231
Machinery and equipment	666			666
Total capital assets being depreciated	<u>2,365</u>	<u>-</u>	<u>-</u>	<u>2,365</u>
Less accumulated depreciation for:				
Buildings and system	(205)	(16)		(221)
Improvements other than buildings	(123)	(9)		(132)
Machinery and equipment	(377)	(32)		(409)
Total accumulated depreciation	<u>(705)</u>	<u>(57)</u>	<u>-</u>	<u>(762)</u>
Total capital assets being depreciated, net	<u>1,660</u>	<u>(57)</u>	<u>-</u>	<u>1,603</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,341</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ 3,284</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 78
Administration	141
Public safety	727
Public service	2,187
Education	903
Health and welfare	214
Grants to agencies	<u>56</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,306</u>
Business-type activities:	
Milford Golf Course	\$ 16
Harbor Management	<u>41</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 57</u>

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. At June 30, 2010, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Nonrecurring Fund	574
General Fund	Nonmajor Governmental Funds	46
General Fund	School Facilities Fund	3
General Fund	Harbor Management Fund	1
Sanitary Sewer	General Fund	2
Nonmajor Governmental Funds	Nonmajor Governmental Funds	31
Nonmajor Governmental Funds	Capital Nonrecurring Fund	41
Capital Nonrecurring Fund	Nonmajor Governmental Funds	138
Capital Nonrecurring Fund	General Fund	143
Capital Nonrecurring Fund	Internal Service Funds	487
Nonmajor Governmental Funds	General Fund	595
Internal Service Funds	General Fund	90
Internal Service Funds	Nonmajor Governmental Funds	115
Internal Service Funds	Capital Nonrecurring Fund	487
Internal Service Funds	Harbor Management Fund	<u>5</u>
Total		<u>\$ 2,758</u>

Interfund transfers:

	Transfers In			Total
	Capital Nonrecurring	Nonmajor Governmental	General Fund	
Transfers out:				
General Fund	\$ 171	\$ 1,295	\$ 545	\$ 1,466
Capital Nonrecurring Fund			545	545
Harbor Management		3		3
Nonmajor Governmental	319			319
Total	\$ 490	\$ 1,298	\$ 545	\$ 2,333

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. There are also public debt service transfers from the General Fund and Sewer Use Fund to fund our Sewer Debt Service Fund. In addition, there are post employment benefit transfers from the General Fund to fund our Other Post Employment Benefits Fund. Transfers are used to move unrestricted general fund revenues to fund various programs that must be accounted for separately in accordance with budgetary authorizations.

7. LEASES

Capital Lease

The City of Milford Board of Education entered into a lease-purchase agreement with Banc of America Public Capital Corporation for the purchase of computer hardware and software in the amount of \$208.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments reflected at June 30, 2010:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 45
Less amount representing interest	<u>(1)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 44</u>

8. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2010 amounted to \$82,985 with interest rates ranging from 2.0% to 6.5% on bonds maturing at various dates through the year 2030. Grants receivable to offset future City principal payments totaled \$2,367 from State of Connecticut school construction grants.

Bonds authorized and unissued totaled \$40,874 at June 30, 2010. 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	\$ 74,220	\$ 30,570	\$ (21,805)	\$ 82,985	\$ 7,125
Less deferred amounts on refunding	(680)	(410)	103	(987)	
Total bonds payable	<u>73,540</u>	<u>30,160</u>	<u>(21,702)</u>	<u>81,998</u>	<u>7,125</u>
Long-term note payable	2,062	43,997	(2,633)	43,426	1,950
Claims and judgments	6,062	32,625	(33,589)	5,098	5,098
Compensated absences	19,976		(2,560)	17,416	1,080
Capital lease	84		(40)	44	44
Net OPEB obligation	<u>32,847</u>	<u>26,093</u>	<u>(7,737)</u>	<u>51,203</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 134,571</u>	<u>\$ 132,875</u>	<u>\$ (68,261)</u>	<u>\$ 199,185</u>	<u>\$ 15,297</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>
2011	\$ 7,125	\$ 3,006	\$ 10,131
2012	7,065	2,747	9,812
2013	6,480	2,496	8,976
2014	5,940	2,270	8,210
2015	5,810	2,059	7,869
2016	5,480	1,875	7,355
2017	5,445	1,687	7,132
2018	4,860	1,486	6,346
2019	4,545	1,300	5,845
2020	4,380	1,130	5,510
2021	3,990	966	4,956
2022	3,785	813	4,598
2023	3,625	667	4,292
2024	3,165	533	3,698
2025	2,740	415	3,155
2026	2,490	309	2,799
2027	2,115	215	2,330
2028	1,760	138	1,898
2029	1,430	73	1,503
2030	<u>755</u>	<u>15</u>	<u>770</u>
Total	<u>\$ 82,985</u>	<u>\$ 24,200</u>	<u>\$ 107,185</u>

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>
2011	\$ 1,950	\$ 850	\$ 2,800
2012	1,988	812	2,800
2013	2,028	772	2,800
2014	2,068	732	2,800
2015	2,103	688	2,791
2016-2020	11,200	2,761	13,961
2021-2025	12,322	1,664	13,986
2026-2029	9,767	392	10,159
Total	<u>\$ 43,426</u>	<u>\$ 8,671</u>	<u>\$ 52,097</u>

Interim Financing Obligations

The City is participating in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for “eligible water quality project costs.”

The changes in the City’s liability under the two-percent (2%) interim loan portion of the projects are as follows:

	<u>Amount</u>
Interim loan payable, July 1, 2009	\$ 40,597
Increases	3,549
Decreases	<u>(44,146)</u>
Interim Loan Payable, June 30, 2010	<u>\$ -</u>

The notes were permanently financed and the proceeds are reflected in the Sanitary Sewer Fund at June 30, 2010.

Defeasance of Debt

On January 20, 2010, the City issued \$15.47 million in General Obligation Refunding Bonds for governmental activities debt with an average interest rate of 2.98% to advance refund \$2,980 in 1998, \$2,300 in 2002, \$5,115 in 2003, \$490 in 2004, \$770 in 2005, \$1,065 in 2006, \$990 in 2007, and \$1,350 in 2009 bonds with an average interest rate of 4.10%. The net proceeds of 15.89 million (after payment of \$188 in underwriting fees, insurance and other issuance costs) were used to purchase a portfolio of noncallable direct obligations of, or obligations guaranteed by, the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and have been removed from the City’s financial statements.

The City advance funded the 1998-2006 Series bonds to reduce its total debt service payments over the next 14 years by \$410 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$566.

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. At June 30, 2010, \$8,255 of bonds outstanding is considered defeased.

Bond Anticipation Notes

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2010.

	<u>Amount</u>
Notes payable, July 01, 2009	\$ 26,410
Notes issued	37,063
Notes retired	<u>(39,840)</u>
Notes Payable, June 30, 2010	<u>\$ 23,633</u>

These notes serve as temporary financing for various public improvements, school and sewer projects. The notes are dated November 5, 2009 and mature as follows: \$13,430,000 on May 4, 2010 and \$1,970,000 on November 4, 2010 and carry nominal interest rates of 1% and 1.75%, respectively. These notes had premiums paid by the buyer which resulted in net interest cost of 0.412% and 0.6447%, respectively. On May 4, 2010, \$21,663,000 in notes were issued, maturing on November 4, 2010 and carrying a nominal interest rate of 1%. These notes had a premium paid by the buyer which resulted in net interest cost of 0.3283%.

Other Obligations

At June 30, 2010, 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	\$ 330,797	\$ 41,244	\$ 289,553
Schools	661,595	46,851	614,744
Sewers	551,329	101,455	449,874
Urban renewal	477,818		477,818
Pension deficit	441,063		441,063

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,029,147).

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 \$2,367 of State of Connecticut school building grant commitments.

9. 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 FY2010, 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 \$10,000. 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 an excess coverage policy for up to \$5 million of losses provided by Genesis. The General Liability, Police Professional Liability and Auto Liability have additional coverage of \$10 million provided by Crum and Foster. There are several claims still open from this period.

The claims liability reported in the Internal Service Fund at June 30, 2010 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

	<u>Liability</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
06/30/09	\$ 1,895	\$ 1,176	\$ 1,537	\$ 1,534
06/30/10	1,534	681	1,281	934

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 Midwest Employers Casualty Company for \$400 per occurrence. For fiscal year 2010-11, there is an Excess Workers' Compensation policy with Safety National Casualty Corporation for \$500 per occurrence.

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

Changes in the claims liability for the years ended June 30, 2010 and 2009, were as follows:

	<u>Liability July 1,</u>		<u>Current Year Claims</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
06/30/09	\$ 2,468	\$	865	\$	1,149	\$	2,184
06/30/10	2,184		885		1,024		2,045

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, 2010, the annual limit on individual medical claims chargeable to the Fund is \$100. 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.

Changes in the claims liability for the years ended June 30, 2010 and 2009, were as follows:

	<u>Liability July 1,</u>		<u>Current Year Claims</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
06/30/09	\$ 2,147	\$	28,693	\$	28,496	\$	2,344
06/30/10	2,344		31,059		31,284		2,119

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Descriptions

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.

The City of Milford Retirement System provides retirement benefits as well as death and disability benefits. 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 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, 2009:

	City of Milford Retirement System
Retirees and beneficiaries receiving benefits	676
Terminated employees entitled to benefits but not yet receiving them	18
Active plan members	730
	<hr/>
Total	1,424
	<hr/> <hr/>

B. 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. All investments of the fund are reported at fair value.

C. Funding Status and Progress

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 are required to contribute 6% of annual compensation; if they have less than 15 years of service, 5% for years between 15 and 24, and 4% thereafter; Police employees are required to contribute 5.5% of annual compensation if they have less than 10 years of service, 5% for years between 10 and 14, and 4.5% thereafter. 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.

D. Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the PERS for the current year were as follows:

	City of Milford Retirement System
	<hr/>
Annual required contribution	\$ -
Interest on net pension obligation	(2)
Adjustment to annual required contribution	<hr/> 3
Annual pension cost	1
Contribution made	<hr/> -
Decrease in net pension asset	1
Net pension asset, July 1, 2009	<hr/> (26)
Net Pension asset, June 30, 2010	\$ <hr/> <hr/> (25)

The following is a summary of certain significant actuarial assumptions and other PERS information:

	City of Milford Retirement System
	<hr/>
Actuarial valuation date	July 1, 2009
Actuarial cost method	Aggregate Cost
Amortization method	Not Applicable
Remaining amortization period	Not Applicable
Asset valuation method	Uncapped
Actuarial assumptions:	
Investment rate of return (including inflation rate of 3.5%)	8.5%/annum
Projected salary increases	3.0%/annum
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1986 - 3%/annum

E. Trend Information

City of Milford Retirement System			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2008	\$ 1,120	121.5%	\$ (27)
2009	1	-	(26)
2010	1	-	(25)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress*

City						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/07	\$ 354,675	\$ 274,820	\$ (79,855)	129.1%	\$ 39,633	(201.5)%
7/1/08	385,088	287,313	(97,775)	134.0	40,141	(243.6)
7/1/09	383,936	302,642	(81,294)	126.9	40,550	(200.5)

* Schedule was prepared using the entry-age normal cost method as the aggregate cost method does not provide for this information.

Schedule of Employer Contributions

City of Milford Retirement System		
Fiscal Year Ended	Annual Required Contribution	of ARC Percentage Contributed
6/30/05	\$ 961	100.0%
6/30/06	974	100.0
6/30/07	1,213	82.4
6/30/08	1,129	120.5
6/30/09	-	100.0
6/30/10	-	100.0

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

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, 2010 were \$165.

Connecticut State Teachers' Retirement System

All certified employees of the City of Milford school system participate in the State of Connecticut Teachers' Retirement System under Chapter 167a of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut. The City's Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The City does not have any liability for Teacher Pensions. The amount contributed by the State on behalf of the City of Milford's Board of Education was \$7,554. This amount has been recorded in the General Fund as intergovernmental revenue and education expenditures.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

In addition to the pension benefits described in Note 10, all City employees retiring under the City of Milford Retirement Plan are provided post-employment benefits. Individual stand-alone statements are not issued. The level of these benefits is determined by contract for all union employees and by a City of Milford ordinance for all non-represented employees. Per contracts and ordinances, the City pays the full 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 (varying deductibles) coverages 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, other than MEA	\$6,474 per year
General City, MEA	\$6,396 per year
Fire	\$6,396 per year
Police	\$6,396 per year
Post-65:	
All	\$2,376 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 pay full premium minus the Teachers' Retirement Board subsidy. Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy.

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

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

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.

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 must pay for prescription and dental coverage if elected.

Administrators: If retire 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, no cost to retiree or spouse.

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):

Board of Ed-Café	\$5,898 per year
Board of Ed-Cust	\$6,423 per year
Board of Ed-Sec	\$5,872 per year
Board of Ed-Para	\$5,903 per year
Administrators	\$6,660 per year
Teachers	\$6,407 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):

Board of Ed-Café	\$2,611 per year
Board of Ed-Cust	\$2,611 per year
Board of Ed-Sec	\$2,611 per year
Board of Ed-Para	N/A
Administrators	\$4,430 per year
Teachers	\$4,457 per year

Post-65 (for current retirees who are under 65):

Based on plan selected

B. Membership

Membership in the plan consisted of the following at July 1, 2008:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	622	72
Number of active participants	1,072	530
Total	<u>1,694</u>	<u>602</u>

C. Description of Actuarial Assumptions and Methods

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, 2008	July 1, 2008
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level dollar	Level dollar
Remaining amortization period	29 years - closed	29 years - closed
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

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 were as follows:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Annual required contribution	\$ 12,414	\$ 14,070
Interest on net OPEB obligation	794	849
Adjustment to annual required contribution	(983)	(1,052)
Annual OPEB cost	<u>12,225</u>	<u>13,867</u>
Contribution made	<u>2,761</u>	<u>4,975</u>
Increase in net OPEB obligation	9,464	8,892
Net OPEB obligation, July 1, 2009	<u>15,874</u>	<u>16,973</u>
 Net OPEB Obligation, June 30, 2010	 <u>\$ 25,338</u>	 <u>\$ 25,865</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2010 is presented below.

Board of Education	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/08	\$ 11,042	\$ 3,224	29.2%	\$ 7,818
6/30/09	11,500	3,444	30.0%	15,874
6/30/10	12,225	2,761	22.6%	25,338
City				
6/30/08	12,433	3,855	31.0%	8,578
6/30/09	12,953	4,558	35.2%	16,973
6/30/10	13,867	4,975	35.9%	25,865

Schedule of Funding Progress

The annual other post employment 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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/06	\$ -	\$ 114,337	\$ 114,337	-	\$ 31,600	361.8%
7/1/08	-	128,764	128,764	-	32,683	394.0

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/06	\$ -	\$ 107,159	\$ 107,159	-	\$ 60,440	177.3%
7/1/08	-	117,053	117,053	-	55,591	210.6

12. CONTINGENT LIABILITIES (Amounts not Rounded)

On June 30, 2005, the City and Milford Power Company, LLC (the Company) entered into a Property Tax Payment Agreement. The Company 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 is \$1,687,500 for each six-month period from July 2005 through January 2009. Payments will be \$1,875,000 for each six-month period from July 2009 through January 2011 and \$1,750,000 for each six-month period from July 2011 through January 2015. The Company made the July 2008 payment and is up to date with all their payments.

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

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 \$121,498,000 does reflect the reduction.

On February 6, 2006, the City of Milford entered into a Property Tax Agreement with Devon Power, LLC (the Company). The Company withdrew its assessment appeals for Grand Lists 2003 and 2004. The assessment for both Real and Personal Property had been \$49,854,176 for 2003 and \$44,761,476 for 2004, generating close to a \$1,000,000 in taxes for each year. The assessment and the taxes would have been significantly reduced going forward due to depreciation of their personal property, which makes up approximately two-thirds of their assessment. The City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2009. Payments will be made in July and January of each fiscal year. The payment schedule is \$708,172 for January and \$250,000 for each six-month period from July 2006 through January of 2009. Devon Power is up to date with all their payments.

On May 15, 2009, the City settled a tax appeal with Connecticut Post Mall Limited Partnership. Under this settlement, the City lowered their real property assessment from \$133,273,859 for the 2008 Grand List to \$118,061,678. Additionally, the City adjusted their 2006 assessment to \$110,748,904 and their 2007 assessment to \$118,061,678. This resulted in a total credit due to the Partnership of \$1,248,516.

On June 28, 2010, the City of Milford entered into a Property Tax Payment Agreement with GenConn Devon LLC. The City accepted a 30 year payment schedule calling for payments in lieu of taxes to be made to the City through May 1, 2040. Payment amounts are as follows: 6/30/2010 - \$500,000; 5/1/2011 - \$2,500,000; 5/1/2012 - \$3,000,000; 5/1/2013 through 5/1/2040 - \$2,025,000.

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.

13. SUBSEQUENT EVENTS

On August 2, 2010, the Board of Aldermen rescinded \$1,689,699 of bond authorizations.

**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, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General Property Taxes and Assessments:				
Current taxes	\$ 142,923	\$ 142,923	\$ 143,905	\$ 982
Personal property audit			336	336
Prior year's levies	2,200	2,200	1,821	(379)
Flood and erosion assessments	88	88	75	(13)
Suspense collections	18	18	20	2
Total general property taxes and assessments	<u>145,229</u>	<u>145,229</u>	<u>146,157</u>	<u>928</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,200</u>	<u>1,200</u>	<u>993</u>	<u>(207)</u>
Federal, State and Local Governments:				
Other State grants	250	250	743	493
School transportation aid - State	201	201	137	(64)
Education cost sharing	10,728	9,198	9,198	-
State realty in lieu of tax	550	550	488	(62)
Pequot State Aid	569	569	391	(178)
Elderly tax freeze	10	10	10	-
Elderly tax credit	499	499	461	(38)
Total disability exemptions			7	7
PILOT - private exemptions	456	456	450	(6)
Veteran grants	181	181	169	(12)
School debt - interest	121	121	121	-
School debt - principal	585	585	680	95
Telephone access grant	243	243	159	(84)
Municipal Video Corporate Trust Acct			68	68
Shellfish Taxes			2	2
State aid for health	74	74	76	2
OTB Wagering Share	60	60	62	2
Manufacture machinery, and equipment	1,352	1,352	1,171	(181)
Total Federal, State and local government	<u>15,879</u>	<u>14,349</u>	<u>14,393</u>	<u>44</u>
Investment Income:				
Investments in idle funds	300	300	105	(195)
Rental of other property	43	43	47	4
Total investment income	<u>343</u>	<u>343</u>	<u>152</u>	<u>(191)</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, 2010

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Other Revenue:				
Rental of school property	\$ 8	\$ 8	\$ 24	\$ 16
Vandalism	1	1	1	-
PILOT - Water Authority	380	380	409	29
Power Plant Settlement	3,425	3,425	3,425	-
Miscellaneous other revenues	4	4	89	85
Inland wetland fees	6	6	6	-
Total other revenue	<u>3,824</u>	<u>3,824</u>	<u>3,954</u>	<u>130</u>
Licenses, Permits and Other Charges:				
Devices and amusements	4	4	20	16
Vending permits	7	7	8	1
Disposal area licenses	58	58	56	(2)
Fees and fines	26	26	27	1
Copying fees	4	4	4	-
Recording documents	328	328	374	46
Conveyance tax	797	797	617	(180)
General copying fees	47	47	66	19
Fire Department fees	1	1	1	-
Building inspection fees	750	750	657	(93)
Police fines and forfeits	30	30	30	-
False alarm fees	40	40	27	(13)
Fire Department false alarm fines			1	1
Street opening permits	7	7	5	(2)
Engineering fees	7	7	5	(2)
Residential waste fees	57	57	54	(3)
Health inspection fees	70	70	71	1
Planning and zoning fees	20	20	24	4
Zoning appeals fees	8	8	8	-
Recreation fees	37	37	41	4
Walnut Beach parking	12	12	19	7
Parking fines judicial	3	3	2	(1)
Vehicle violations judicial	15	15	17	2
Sewer assessments	25	25	44	19
Animal shelter redemption	4	4	5	1
Dog Fund - City share	11	11	10	(1)
Hunting and Angling Fund	2	2		(2)

(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, 2010

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Licenses, Permits and Other Charges (continued):				
Sale of Other Property	\$	\$	\$ 15	\$ 15
Recycling revenues	30	30	47	17
PILOT - Federal payments	3	3	2	(1)
Sticker fees	1	1	1	-
Bingo permits share	1	1	2	1
Total licenses, permits and other charges	<u>2,405</u>	<u>2,405</u>	<u>2,260</u>	<u>(145)</u>
Total revenues	<u>168,880</u>	<u>167,350</u>	<u>167,909</u>	<u>559</u>
Other financing sources:				
Transfer in		545	545	-
Sale of capital assets	<u>225</u>	<u>225</u>	<u>98</u>	<u>(127)</u>
Total other financing sources	<u>225</u>	<u>770</u>	<u>643</u>	<u>(127)</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>169,105</u>	\$ <u>168,120</u>	168,552	\$ <u>432</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			7,554	
Special education excess cost grant is reported gross for GAAP			265	
Proceeds from sale of refunding bonds			16,087	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			<u>(85)</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>192,373</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, 2010

(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	\$ 7	\$ 7	\$ 5	\$ 2
Elections	65	65	65	-
Registrar of Voters	132	132	128	4
Milford Govt Access Television	13	13	10	3
Mayor's Office	252	251	250	1
General expenses	438	502	502	-
Community Development Department	102	102	102	-
City Clerk	379	379	375	4
Law Department	542	542	542	-
Ethics Commission	4	4		4
Probate Court	13	13	11	2
Board of Finance	1	1	1	-
Planning and Zoning Board	366	364	355	9
Board of Tax Review	2	3	2	1
Board of Zoning Appeals	14	14	11	3
Pension Board	4	4	3	1
Tree Commission	1	1	1	-
Park and Recreation Commission	1	1	1	-
Conservation Commission	1	1	1	-
Inland Wetlands Agency	112	112	110	2
Housatonic River Est Commission	1	1	1	-
Public library	1,025	1,025	1,009	16
Total general government	<u>3,475</u>	<u>3,537</u>	<u>3,485</u>	<u>52</u>
Administration:				
Finance Department	1,618	1,587	1,521	66
Data Processing Department	638	638	637	1
Personnel Department	249	257	253	4
Total administration	<u>2,505</u>	<u>2,482</u>	<u>2,411</u>	<u>71</u>
Public Safety:				
Police Department	9,917	9,824	9,709	115
Fire Department	10,465	10,459	10,340	119
Civil Preparedness	80	80	80	-
Animal Control	352	346	327	19
Building Inspection Department	414	417	400	17
Lighting hydrant water	1,579	1,579	1,565	14
Total public safety	<u>22,807</u>	<u>22,705</u>	<u>22,421</u>	<u>284</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, 2010

(In Thousands)

	Budgeted Amounts		Expenditures and Encumbrances	Uncommitted Balance
	Original	Amended		
Public Services:				
Public Works Office	\$ 242	\$ 242	\$ 239	\$ 3
Highway-parks division	2,479	2,335	2,218	117
Building maintenance division	2,960	2,914	2,858	56
Engineering division	408	408	325	83
General garage division	1,170	1,160	1,142	18
Solid waste operations	4,547	4,687	4,604	83
Total public services	<u>11,806</u>	<u>11,746</u>	<u>11,386</u>	<u>360</u>
Board of Education:				
Private School textbooks	21	21	12	9
Educational audit fees	22	22	22	-
Employee benefits	1,053	1,053	980	73
Educational operations	82,929	81,398	81,398	-
Educational Contribution Health Insurance Fund	15,180	15,180	15,180	-
School Nurses	1,297	1,297	1,266	31
Total Board of Education	<u>100,502</u>	<u>98,971</u>	<u>98,858</u>	<u>113</u>
Health and Welfare:				
Health Department	876	876	871	5
Recreation Department	830	829	785	44
Total health and welfare	<u>1,706</u>	<u>1,705</u>	<u>1,656</u>	<u>49</u>
General Charges:				
Employee benefits - general	13,665	13,074	12,974	100
Insurance and bonds	2,698	2,606	2,606	-
Claims and refunds	420	380	380	-
Benefits and salary reserve	8	8		8
Unallocated contingency	25	5		5
Total general charges	<u>16,816</u>	<u>16,073</u>	<u>15,960</u>	<u>113</u>
Grants to Agencies:				
Milford Council on Aging	1,348	1,342	1,338	4
Milford Fine Arts Council	68	68	68	-
CMED	93	99	99	-
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	166	166	166	-
Milford Transit District	328	328	328	-
Milford Mental Health	363	363	363	-
Veterans' Graves	3	3	3	-
U.S. Coast Guard Auxiliary	7	7	7	-

(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, 2010

(In Thousands)

	Budgeted Amounts		Expenditures and Encumbrances	Uncommitted Balance
	Original	Amended		
Grants to Agencies (continued):				
Milford Historical District Commission	\$ 1	\$ 1	\$ 1	\$ -
Milford Progress Inc	10	10	10	-
Milford Historic #2	1	1	1	-
Visiting Nurses Association	41	41	41	-
Cemetery Association	9	9	9	-
Association of Patriotic Organizations	4	4	4	-
Homeless Shelter/CPAC	63	63	63	-
Total grants to agencies	<u>2,508</u>	<u>2,508</u>	<u>2,504</u>	<u>4</u>
Debt Service:				
Public Debt Service	6,365	6,088	6,088	-
School Debt	<u>3,917</u>	<u>3,917</u>	<u>3,771</u>	<u>146</u>
Total debt service	<u>10,282</u>	<u>10,005</u>	<u>9,859</u>	<u>146</u>
Other Financing Uses:				
Transfers out	<u>445</u>	<u>1,618</u>	<u>1,466</u>	<u>152</u>
Total	<u>\$ 172,852</u>	<u>\$ 171,350</u>	170,006	<u>\$ 1,344</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	7,554
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	(3,319)
Prior year encumbrances reported in the current year for financial reporting purposes	3,069
Special education excess cost grant is recorded gross for GAAP	265
Payment to refunded bond escrow agent	15,899
Issuance costs on bond refunding	188
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	<u>154</u>

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

\$ 193,816

**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, 2010 AND 2009

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 29,168	\$ 31,206
Investments	116	114
Property taxes receivable, net	7,628	6,831
Property taxes interest receivable, net	4,408	4,249
Assessments receivable	808	986
Accounts receivable	35	65
Due from other governments	2,398	2,984
Due from other funds	624	1,602
Prepaid item	852	1,270
Total Assets	<u>\$ 46,037</u>	<u>\$ 49,307</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 9,684	\$ 9,087
Due to other funds	830	907
Due to other governments	400	384
Deferred revenue	15,775	17,931
Other liabilities	1,545	1,752
Total liabilities	<u>28,234</u>	<u>30,061</u>
Fund balance:		
Reserved for encumbrances	3,319	3,154
Reserved for other purposes	22	22
Unreserved:		
Designated for subsequent year's budget	2,000	3,750
Undesignated	12,462	12,320
Total fund balance	<u>17,803</u>	<u>19,246</u>
Total Liabilities and Fund Balance	<u>\$ 46,037</u>	<u>\$ 49,307</u>

CITY OF MILFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

Grand List	Uncollected Taxes July 1, 2009	Current Levy	Lawful Corrections		Other Adjustments	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2010
			Additions	Deductions				Tax	Interest Liens	Total	
2008	\$	\$ 147,220 *	\$ 280	\$ (490)		\$ (22)	\$ 146,988	\$ 144,241	\$ 423	\$ 144,664	\$ 2,747
2007	3,152		214	(109)		(31)	3,226	1,576	312	1,888	1,650
2006	801		192	(50)		(38)	905	23	136	159	882
2005	733			(2)		(43)	688	73	52	125	615
2004	489			(1)		(29)	459	37	23	60	422
2003	386					(19)	367	14	11	25	353
2002	307					(9)	298	4	5	9	294
2001	285					(5)	280	3	2	5	277
2000	226					(3)	223	5	5	10	218
1999	240					(2)	238	2	2	4	236
1998	216					(1)	215	3	2	5	212
1997	200					(1)	199	6	1	7	193
1996	154					(1)	153	31	14	45	122
1995	70					(1)	69		5	5	69
1994	36			(36)							-
1993	34			(34)							-
Total	\$ <u>7,329</u>	\$ <u>147,220</u>	\$ <u>686</u>	\$ <u>(722)</u>	\$ <u>-</u>	\$ <u>(205)</u>	\$ <u>154,308</u>	146,018	993	147,011	\$ <u>8,290</u>
								Suspense collections		20	20
								Total collections	146,038	\$ <u>993</u>	\$ <u>147,031</u>
								Property taxes receivable considered available:			
								June 30, 2009	(512)		
								June 30, 2010	<u>556</u>		
								Total Property Tax Revenue	\$ <u>146,082</u>		

*Includes motor vehicle supplement in the amount of \$1,035.

CITY OF MILFORD, CONNECTICUT

**BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS**

**FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)**

	<u>Final Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Certified administrative salaries	\$ 3,540	\$ 3,540	\$ -
Certified teachers salaries	41,303	41,303	-
Homebound tutor	186	186	-
Administrative substitute	45	45	-
Summer school	271	271	-
Substitutes - certified salaries	921	921	-
Curriculum work	88	88	-
Coaches/advisors	472	472	-
Non-certified supervisor salaries	557	557	-
Non-certified staff salaries	1,973	1,973	-
Custodian/maintenance	3,501	3,501	-
Teacher aides hourly	258	258	-
Library aides	243	243	-
Paraprofessionals	3,516	3,516	-
General aide salaries	140	140	-
Overtime salaries	257	257	-
Non-certified clerical	120	120	-
Non-certified professional	945	945	-
Retirements	1,031	1,031	-
Life insurance	423	423	-
Worker's compensation insurance	670	670	-
Social security	540	540	-
Unemployment compensation	59	59	-
Blue Cross/Blue Shield	1,853	1,853	-
Para pension	159	159	-
Education reimbursement	53	53	-
Adult education services	40	40	-
Substitute teaching services	171	171	-
Marine science education	18	18	-
Mental health services	25	25	-
Professional evaluation	59	59	-
Psychotherapy services	13	13	-
Other pupil personnel services	109	109	-
Special education work study	11	11	-
Consultation services	114	114	-

(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, 2010
(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Audit services	\$ 3	\$ 3	\$ -
Negotiation services	351	351	-
Arch/Eng services	16	16	-
Security services	117	117	-
Contracted services	727	727	-
Teacher mini grant	6	6	-
Management information systems	216	216	-
Electricity	1,305	1,305	-
Heat energy - gas	857	857	-
Water/sewage	75	75	-
Fuel oil	120	120	-
Contracted maintenance	398	398	-
Repairs to grounds	96	96	-
Repairs to buildings	329	329	-
Repairs to equipment	219	219	-
Preventative maintenance	92	92	-
Building projects	718	718	-
Grounds projects	485	485	-
Gasoline maintenance	40	40	-
Maintenance supplies	277	277	-
Custodial supplies	146	146	-
Transportation regular	1,679	1,679	-
Transportation special education	758	758	-
Transportation special education - public	190	190	-
Transportation special education - private	183	183	-
Transportation - athletics	151	151	-
Transportation - TAG/ECA/AQUA	114	114	-
Transportation - field trips	22	22	-
Gasoline - buses	164	164	-
Transportation - non-public	351	351	-
Transportation - special education aide	66	66	-
Transportation - supplies	13	13	-
Van driver	42	42	-
Property liability insurance	459	459	-
Athletic insurance	24	24	-
Uninsured coverage	4	4	-
Postage	82	82	-
Telephone	261	261	-
Advertising	3	3	-

(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, 2010
(In Thousands)**

	<u>Final Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Printing expense	\$ 76	\$ 76	\$ -
Tuition - public	944	944	-
Tuition - non-public	1,408	1,408	-
Tuition - ECA program	106	106	-
Tuition - AQUA	66	66	-
Tuition - Vo-Ag	156	156	-
Tuition - gifted students	12	12	-
Travel mileage	51	51	-
Non-instructional supplies	152	152	-
Instructional supplies	1,197	1,197	-
Health and medical	26	26	-
Graduation expense	12	12	-
Textbooks	76	76	-
Text adoptions	118	118	-
Library books	141	141	-
Periodicals	56	56	-
Testing expense	105	105	-
A/V materials	15	15	-
Other educational supplies	12	12	-
Computer software	396	396	-
Equipment	419	419	-
Furniture and fixtures	35	35	-
Computers	402	402	-
Lease/purchase	11	11	-
Capital equipment	95	95	-
Dues and fees	40	40	-
Professional development	162	162	-
Student activities	109	109	-
Student athletics	19	19	-
Part time staff - sports	1	1	-
Equipment repair - sports	9	9	-
Supplies - sports	37	37	-
Equipment - sports	37	37	-
Uniforms - sports	40	40	-
Miscellaneous - sports	14	14	-
Total	<u>\$ 81,398</u>	<u>\$ 81,398</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
Sewer	User Fees and Investment Earnings	Operation of the Sewer Systems
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
Compensated Absences	City Contributions and Investment Earnings	For Payment of Compensated Absences
Other Post Employment Benefits	City Contributions and Investment Earnings	For Payment of Post-Employment Benefits

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, 2010
(In Thousands)

		<u>Special Revenue Funds</u>												
		<u>Park and Playground</u>	<u>Human Resource Development</u>	<u>Special Grants and Revenues</u>	<u>Community Development</u>	<u>Open Space</u>	<u>Sewer</u>	<u>Tuition</u>						
ASSETS														
Cash and cash equivalents	\$	2	\$	310	\$	3,053	\$	50	\$	80	\$	3,365	\$	243
Assessment receivable												158		
Accounts receivable				28								33		
Due from other governments				68										
Due from other funds				1								114		
Inventory														
Total Assets	\$	<u>2</u>	\$	<u>310</u>	\$	<u>3,150</u>	\$	<u>50</u>	\$	<u>80</u>	\$	<u>3,670</u>	\$	<u>243</u>
LIABILITIES AND FUND BALANCE														
Liabilities:														
Accounts payable and accrued liabilities	\$		\$	7	\$	598	\$	31	\$		\$	417	\$	
Due to other funds				7		16						293		
Deferred revenue						8						194		
Total liabilities		<u>-</u>		<u>14</u>		<u>622</u>		<u>31</u>		<u>-</u>		<u>904</u>		<u>-</u>
Fund balance:														
Reserved for encumbrances						153		12				139		
Reserved for other purposes												1,062		
Unreserved:														
Undesignated		2		296		2,375		7		80		1,565		243
Total fund balance		<u>2</u>		<u>296</u>		<u>2,528</u>		<u>19</u>		<u>80</u>		<u>2,766</u>		<u>243</u>
Total Liabilities and Fund Balance	\$	<u>2</u>	\$	<u>310</u>	\$	<u>3,150</u>	\$	<u>50</u>	\$	<u>80</u>	\$	<u>3,670</u>	\$	<u>243</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010
(In Thousands)

	Special Revenue Funds						
	Grants and Donations - Board of Education	Special Education Grants	Cafeteria	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation
ASSETS							
Cash and cash equivalents	\$ 166	\$ 523	\$ 673	\$ 18	\$ 113	\$ 91	\$ 37
Assessment receivable							
Accounts receivable							
Due from other governments			195				
Due from other funds							
Inventory			20				
Total Assets	\$ 166	\$ 523	\$ 888	\$ 18	\$ 113	\$ 91	\$ 37
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$ 523	\$ 69	\$	\$	\$	\$
Due to other funds							
Deferred revenue							
Total liabilities	-	523	69	-	-	-	-
Fund balance:							
Reserved for encumbrances			153				
Reserved for other purposes			20				
Unreserved:							
Undesignated	166		646	18	113	91	37
Total fund balance	166	-	819	18	113	91	37
Total Liabilities and Fund Balance	\$ 166	\$ 523	\$ 888	\$ 18	\$ 113	\$ 91	\$ 37

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

(In Thousands)

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Capital Project Fund</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Compensated Absences</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>		<u>School Renovations</u>		
ASSETS							
Cash and cash equivalents	\$ 262	\$ 1,231	\$ 10,217	\$ 4,108	\$ 11	\$	\$ 14,336
Assessment receivable			158				158
Accounts receivable			61				61
Due from other governments			263				263
Due from other funds	273		388	279			667
Inventory			20				20
Total Assets	<u>\$ 535</u>	<u>\$ 1,231</u>	<u>\$ 11,107</u>	<u>\$ 4,387</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 15,505</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable and accrued liabilities	\$ 126	\$	\$ 1,771	\$	\$	\$	\$ 1,771
Due to other funds	14		330				330
Deferred revenue			202				202
Total liabilities	<u>140</u>	<u>-</u>	<u>2,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,303</u>
Fund balance:							
Reserved for encumbrances			457				457
Reserved for other purposes			1,082				1,082
Unreserved:							
Undesignated	<u>395</u>	<u>1,231</u>	<u>7,265</u>	<u>4,387</u>	<u>11</u>		<u>11,663</u>
Total fund balance	<u>395</u>	<u>1,231</u>	<u>8,804</u>	<u>4,387</u>	<u>11</u>	<u>-</u>	<u>13,202</u>
Total Liabilities and Fund Balance	<u>\$ 535</u>	<u>\$ 1,231</u>	<u>\$ 11,107</u>	<u>\$ 4,387</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 15,505</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	Special Revenue Funds						
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Sewer	Tuition
Revenues:							
Taxes and assessments	\$	\$	\$	\$	\$	\$ 5,271	\$
Intergovernmental		491	1,824	714			
Charges for services		11	1,183	134	75	124	645
Investment income		1	1			45	1
Other revenues		21	1,459			624	
Total revenues	<u>-</u>	<u>524</u>	<u>4,467</u>	<u>848</u>	<u>75</u>	<u>6,064</u>	<u>646</u>
Expenditures:							
Current:							
General Government			556	828			
Public safety			1,264				
Public services			870			5,565	
Education			273				681
Health and welfare		860	1,065				
Total expenditures	<u>-</u>	<u>860</u>	<u>4,028</u>	<u>828</u>	<u>-</u>	<u>5,565</u>	<u>681</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(336)</u>	<u>439</u>	<u>20</u>	<u>75</u>	<u>499</u>	<u>(35)</u>
Other financing sources (uses):							
Transfers in		430	14				
Transfers out	(1)		(79)	(1)	(194)	(690)	
Total other financing sources (uses)	<u>(1)</u>	<u>430</u>	<u>(65)</u>	<u>(1)</u>	<u>(194)</u>	<u>(690)</u>	<u>-</u>
Net change in fund balances	(1)	94	374	19	(119)	(191)	(35)
Fund Balance at Beginning of Year	<u>3</u>	<u>202</u>	<u>2,154</u>	<u>-</u>	<u>199</u>	<u>2,957</u>	<u>278</u>
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 296</u>	<u>\$ 2,528</u>	<u>\$ 19</u>	<u>\$ 80</u>	<u>\$ 2,766</u>	<u>\$ 243</u>

(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, 2010

(In Thousands)

	Special Revenue Funds						
	Grants and Donations - Board of Education	Special Education Grants	Cafeteria	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation
Revenues:							
Taxes and assessments	\$	\$	\$	\$	\$	\$	\$
Intergovernmental		5,422	815				
Charges for services			1,993				
Investment income		1				2	
Other revenues	89			2			
Total revenues	<u>89</u>	<u>5,423</u>	<u>2,808</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
Expenditures:							
Current:							
General Government							
Public safety							
Public services							
Education	46	5,558	2,654	2			
Health and welfare							
Total expenditures	<u>46</u>	<u>5,558</u>	<u>2,654</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>43</u>	<u>(135)</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
Other financing sources (uses):							
Transfers in							
Transfers out					(2)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	43	(135)	154	-	(2)	2	-
Fund Balance at Beginning of Year	<u>123</u>	<u>135</u>	<u>665</u>	<u>18</u>	<u>115</u>	<u>89</u>	<u>37</u>
Fund Balance at End of Year	<u>\$ 166</u>	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ 18</u>	<u>\$ 113</u>	<u>\$ 91</u>	<u>\$ 37</u>

(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, 2010
(In Thousands)

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Capital Project Fund</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Compensated Absences</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>		<u>School Renovations</u>		
Revenues:							
Taxes and assessments	\$	\$	\$ 5,271	\$	\$	\$	\$ 5,271
Intergovernmental			9,266				9,266
Charges for services			4,165				4,165
Investment income	1	3	55	14			69
Other revenues			2,195	53			2,248
Total revenues	<u>1</u>	<u>3</u>	<u>20,952</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>21,019</u>
Expenditures:							
Current:							
General Government	178		1,562				1,562
Public safety			1,264				1,264
Public services			6,435	2,113			8,548
Education			9,214				9,214
Health and welfare			1,925				1,925
Total expenditures	<u>178</u>	<u>-</u>	<u>20,400</u>	<u>2,113</u>	<u>-</u>	<u>-</u>	<u>22,513</u>
Excess (deficiency) of revenues over expenditures	<u>(177)</u>	<u>3</u>	<u>552</u>	<u>(2,046)</u>	<u>-</u>	<u>-</u>	<u>(1,494)</u>
Other financing sources (uses):							
Transfers in	273	350	1,067	879		(648)	1,298
Transfers out			(967)			648	(319)
Total other financing sources (uses)	<u>273</u>	<u>350</u>	<u>100</u>	<u>879</u>	<u>-</u>	<u>-</u>	<u>979</u>
Net change in fund balances	96	353	652	(1,167)	-	-	(515)
Fund Balance at Beginning of Year	<u>299</u>	<u>878</u>	<u>8,152</u>	<u>5,554</u>	<u>11</u>		<u>13,717</u>
Fund Balance at End of Year	<u>\$ 395</u>	<u>\$ 1,231</u>	<u>\$ 8,804</u>	<u>\$ 4,387</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 13,202</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 ASSETS
INTERNAL SERVICE FUNDSJUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(In Thousands)

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Casualty Fund</u>	<u>2010</u>	<u>2009</u>
Assets:					
Cash and cash equivalents	\$ 6,630	\$ 6,036	\$ 1,982	\$ 14,648	\$ 17,164
Accounts receivable	431			431	193
Due from other funds	113	4	580	697	58
Total assets	<u>7,174</u>	<u>6,040</u>	<u>2,562</u>	<u>15,776</u>	<u>17,415</u>
Liabilities:					
Accounts payable and accrued liabilities	196	2	9	207	146
Accrued claims	2,119	2,045	934	5,098	6,062
Due to other funds			487	487	
Total liabilities	<u>2,315</u>	<u>2,047</u>	<u>1,430</u>	<u>5,792</u>	<u>6,208</u>
Net Assets:					
Unrestricted	<u>4,859</u>	<u>3,993</u>	<u>1,132</u>	<u>9,984</u>	<u>11,207</u>
Total Net Assets	<u>\$ 4,859</u>	<u>\$ 3,993</u>	<u>\$ 1,132</u>	<u>\$ 9,984</u>	<u>\$ 11,207</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDSFOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(In Thousands)

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Casualty Fund</u>	<u>2010</u>	<u>2009</u>
Operating revenues:					
Employer contributions	\$ 24,563	\$ 1,408	\$ 1,421	\$ 27,392	\$ 28,105
Charges for services	4,648			4,648	4,259
Other	63	131	92	286	116
Total operating revenues	<u>29,274</u>	<u>1,539</u>	<u>1,513</u>	<u>32,326</u>	<u>32,480</u>
Operating expenses:					
Insurance premiums and claims expense	<u>31,284</u>	<u>1,024</u>	<u>1,281</u>	<u>33,589</u>	<u>30,734</u>
Operating income (loss)	(2,010)	515	232	(1,263)	1,746
Nonoperating revenue:					
Interest income	<u>20</u>	<u>14</u>	<u>6</u>	<u>40</u>	<u>161</u>
Net income (loss)	(1,990)	529	238	(1,223)	1,907
Net Assets, Beginning of Year	<u>6,849</u>	<u>3,464</u>	<u>894</u>	<u>11,207</u>	<u>9,300</u>
Net Assets, End of Year	<u>\$ 4,859</u>	<u>\$ 3,993</u>	<u>\$ 1,132</u>	<u>\$ 9,984</u>	<u>\$ 11,207</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDSFOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009
(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2010	2009
Cash flows from operating activities:					
Cash received from contributions and charges for services	\$ 28,974	\$ 1,540	\$ 935	\$ 31,449	\$ 32,506
Cash payments for claims paid	(31,451)	(1,162)	(1,392)	(34,005)	(31,344)
Net cash provided by (used in) operating activities	(2,477)	378	(457)	(2,556)	1,162
Cash flows from investing activities:					
Interest and dividends received	20	14	6	40	161
Net increase (decrease) in cash and cash equivalents	(2,457)	392	(451)	(2,516)	1,323
Cash and cash equivalents, beginning of year	9,087	5,644	2,433	17,164	15,841
Cash and Cash Equivalents, End of Year	\$ 6,630	\$ 6,036	\$ 1,982	\$ 14,648	\$ 17,164
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (2,010)	\$ 515	\$ 232	\$ (1,263)	\$ 1,746
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Decrease in accounts payable and accrued liabilities	(167)	(138)	(111)	(416)	(607)
(Increase) decrease in due from other funds	(62)	1	(578)	(639)	78
Increase in accounts receivable	(238)			(238)	(55)
Net Cash Provided by (Used in) Operating Activities	\$ (2,477)	\$ 378	\$ (457)	\$ (2,556)	\$ 1,162

Fiduciary Funds

AGENCY FUNDS

- Student Activities - to account for receipts and disbursements related to student programs and extracurricular activities.
- Employee Savings Bonds - to account for payroll deductions for employee savings bond program.
- 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 FUNDSJUNE 30, 2010
(In Thousands)

	<u>Student Activities</u>	<u>Employee Savings Bonds</u>	<u>Inland/ Wetland Bonds</u>	<u>Planning and Zoning Bonds</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 533	\$ 1	\$ 206	\$ 548	\$ 1,288
Investments	<u>150</u>				<u>150</u>
Total Assets	<u>\$ 683</u>	<u>\$ 1</u>	<u>\$ 206</u>	<u>\$ 548</u>	<u>\$ 1,438</u>
Liabilities:					
Due to employees, students and others	<u>\$ 683</u>	<u>\$ 1</u>	<u>\$ 206</u>	<u>\$ 548</u>	<u>\$ 1,438</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 593	\$ 1,535	\$ 1,595	\$ 533
Investments	<u> </u>	<u>150</u>	<u> </u>	<u>150</u>
Total Assets	<u>\$ 593</u>	<u>\$ 1,685</u>	<u>\$ 1,595</u>	<u>\$ 683</u>
Liabilities:				
Due to employees, students and others	<u>\$ 593</u>	<u>\$ 1,685</u>	<u>\$ 1,595</u>	<u>\$ 683</u>
Employee Savings Bonds				
Assets:				
Cash and cash equivalents	<u>\$ 1</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1</u>
Liabilities:				
Due to employees, students and others	<u>\$ 1</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Inland/Wetland Bonds				
Assets:				
Cash and cash equivalents	\$ 190	\$ 45	\$ 29	\$ 206
Liabilities:				
Due to employees, students and others	\$ 190	\$ 45	\$ 29	\$ 206
Planning and Zoning Bonds				
Assets:				
Cash and cash equivalents	\$ 550	\$ 54	\$ 56	\$ 548
Liabilities:				
Due to employees, students and others	\$ 550	\$ 54	\$ 56	\$ 548
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 1,334	\$ 1,634	\$ 1,680	\$ 1,288
Investments	150	150	150	150
Total Assets	\$ 1,334	\$ 1,784	\$ 1,680	\$ 1,438
Liabilities:				
Due to employees and others	\$ 1,334	\$ 1,784	\$ 1,680	\$ 1,438

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 ASSETS BY COMPONENT

LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 143,992	\$ 135,747	\$ 141,359	\$ 113,217	\$ 103,736	\$ 107,364	\$ 101,144	\$ 98,550	\$ 92,511
Restricted	259	260	151	173	268	254	251	245	1,410
Unrestricted	(15,090)	5,254	7,084	31,938	32,553	22,969	25,445	19,216	(30,747)
Total Governmental Activities Net Assets	<u>\$ 129,161</u>	<u>\$ 141,261</u>	<u>\$ 148,594</u>	<u>\$ 145,328</u>	<u>\$ 136,557</u>	<u>\$ 130,587</u>	<u>\$ 126,840</u>	<u>\$ 118,011</u>	<u>\$ 63,174</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ 3,284	\$ 3,341	\$ 3,398	\$ 3,456	\$ 3,469	\$ 3,430	\$ 3,489	\$ 3,269	\$ 3,322
Unrestricted	605	642	688	550	493	516	388	429	491
Total Business-Type Net Assets	<u>3,889</u>	<u>3,983</u>	<u>4,086</u>	<u>4,006</u>	<u>3,962</u>	<u>3,946</u>	<u>3,877</u>	<u>3,698</u>	<u>3,813</u>
Primary government:									
Invested in capital assets, net of related debt	147,276	139,088	144,757	116,673	107,205	110,794	104,633	101,819	95,833
Restricted	259	260	151	173	268	254	251	245	1,410
Unrestricted	(14,485)	5,896	7,772	32,488	33,046	23,485	25,833	19,645	(30,256)
Total Primary Government Net Assets	<u>\$ 133,050</u>	<u>\$ 145,244</u>	<u>\$ 152,680</u>	<u>\$ 149,334</u>	<u>\$ 140,519</u>	<u>\$ 134,533</u>	<u>\$ 130,717</u>	<u>\$ 121,709</u>	<u>\$ 66,987</u>

NOTES:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

CITY OF MILFORD, CONNECTICUT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:									
General government	\$ 7,542	\$ 7,796	\$ 5,609	\$ 4,829	\$ 4,907	\$ 4,490	\$ 4,326	\$ 5,844	\$ 4,833
Administration	3,625	3,677	3,811	2,672	2,451	2,320	2,191	2,256	2,063
Public safety	35,817	36,067	35,298	23,369	21,463	20,374	19,233	19,339	18,624
Public services	31,252	29,066	30,445	19,984	20,157	22,173	20,385	18,005	17,491
Education	124,894	123,520	139,957	101,920	99,813	90,920	85,937	81,903	81,618
Health and welfare	5,313	5,709	6,149	3,530	3,458	5,110	2,853	2,463	2,660
General charges *				15,406	13,734	14,642	10,644	11,156	16,270
Grants to agencies	3,656	3,735	2,507	2,552	2,487		2,333	2,207	2,129
Interest on long-term debt	3,226	3,471	3,665	3,486	2,901	2,961	2,845	2,941	2,952
Total governmental activities expenses	<u>215,325</u>	<u>213,041</u>	<u>227,441</u>	<u>177,748</u>	<u>171,371</u>	<u>162,990</u>	<u>150,747</u>	<u>146,114</u>	<u>148,640</u>
Business-type activities:									
Milford Golf Course	115	92	78	67	68	49	44	56	51
Harbor Management	335	420	285	379	346	320	306	404	260
Total business-type activities expenses	<u>450</u>	<u>512</u>	<u>363</u>	<u>446</u>	<u>414</u>	<u>369</u>	<u>350</u>	<u>460</u>	<u>311</u>
Total primary government expenses	<u>215,775</u>	<u>213,553</u>	<u>227,804</u>	<u>178,194</u>	<u>171,785</u>	<u>163,359</u>	<u>151,097</u>	<u>146,574</u>	<u>148,951</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	1,178	1,234	1,462	4,431	5,544	4,461	3,784	2,953	2,298
Public service	1,385	1,378	2,127	2,285	3,066	2,128	6,136	5,657	5,212
Education	2,682	2,679	2,674	2,759	2,601	2,345	2,242	2,028	4,006
Other	2,006	1,188	1,042	1,284	230	250	447	556	1,791
Operating grants and contributions	28,258	27,647	52,237	20,746	22,935	19,623	18,751	18,481	19,665
Capital grants and contributions	454	4,081	6,803	2,768	1,352	1,713	5,215	3,742	948
Total governmental activities program revenues	<u>35,963</u>	<u>38,207</u>	<u>66,345</u>	<u>34,273</u>	<u>35,728</u>	<u>30,520</u>	<u>36,575</u>	<u>33,417</u>	<u>33,920</u>
Business-type activities:									
Charges for services:									
Golf fees	70	70	70	70	64	70	70	69	68
Harbor fees	249	258	280	273	269	283	256	197	179
Operating grants and contributions	38	74	74	74	74	74	74	74	74
Total business-type activities program revenues	<u>357</u>	<u>402</u>	<u>424</u>	<u>417</u>	<u>407</u>	<u>427</u>	<u>400</u>	<u>340</u>	<u>321</u>
Total primary government program revenues	<u>36,320</u>	<u>38,609</u>	<u>66,769</u>	<u>34,690</u>	<u>36,135</u>	<u>30,947</u>	<u>36,975</u>	<u>33,757</u>	<u>34,241</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

CHANGES IN NET ASSETS (CONTINUED)

LAST NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net (expense) revenue:									
Governmental activities	\$ (179,362)	\$ (174,834)	\$ (161,096)	\$ (143,475)	\$ (135,643)	\$ (132,470)	\$ (114,172)	\$ (112,697)	\$ (114,720)
Business-type activities	(93)	(110)	61	(29)	(7)	58	50	(120)	10
Total primary government net expense	<u>(179,455)</u>	<u>(174,944)</u>	<u>(161,035)</u>	<u>(143,504)</u>	<u>(135,650)</u>	<u>(132,412)</u>	<u>(114,122)</u>	<u>(112,817)</u>	<u>(114,710)</u>
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes	152,330	152,856	149,025	137,726	129,146	130,550	117,341	114,422	103,971
Grants and contributions not restricted to specific programs	13,040	10,612	11,357	10,055	8,285	4,629	4,519	4,786	5,422
Unrestricted investment earnings	1,080	689	2,471	3,020	2,047	901	350	541	1,106
Other general revenues	809	3,344	1,509	1,445	385	137	143	258	71
Transfers in	3								
Gain on sale of capital assets					1,750				
Special items							648	45,729	
Total governmental activities	<u>167,262</u>	<u>167,501</u>	<u>164,362</u>	<u>152,246</u>	<u>141,613</u>	<u>136,217</u>	<u>123,001</u>	<u>165,736</u>	<u>110,570</u>
Business-type activities:									
Unrestricted investment earnings	2	7	19	26	23	11	5	5	9
Transfers out	(3)								
Contributed assets				47					
Total business-type activities	<u>(1)</u>	<u>7</u>	<u>19</u>	<u>73</u>	<u>23</u>	<u>11</u>	<u>5</u>	<u>5</u>	<u>9</u>
Total primary government	<u>167,261</u>	<u>167,508</u>	<u>164,381</u>	<u>152,319</u>	<u>141,636</u>	<u>136,228</u>	<u>123,006</u>	<u>165,741</u>	<u>110,579</u>
Change in Net Assets:									
Governmental activities	(12,100)	(7,333)	3,266	8,771	5,970	3,747	8,829	53,039	(4,150)
Business-type activities	(94)	(103)	80	44	16	69	55	(115)	19
Total Primary Government	<u>\$ (12,194)</u>	<u>\$ (7,436)</u>	<u>\$ 3,346</u>	<u>\$ 8,815</u>	<u>\$ 5,986</u>	<u>\$ 3,816</u>	<u>\$ 8,884</u>	<u>\$ 52,924</u>	<u>\$ (4,131)</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

* General charges have been allocated across the various functions for fiscal years 2008, 2009, and 2010.

CITY OF MILFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(In Thousands)

		FISCAL YEAR								
		<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund										
	Reserved	\$ 3,341	\$ 3,176	\$ 2,633	\$ 1,911	\$ 1,348	\$ 1,651	\$ 1,496	\$ 1,213	\$ 1,163
	Unreserved	14,462	16,070	15,955	13,929	14,298	13,340	11,840	11,558	9,738
Total General Fund		<u>\$ 17,803</u>	<u>\$ 19,246</u>	<u>\$ 18,588</u>	<u>\$ 15,840</u>	<u>\$ 15,646</u>	<u>\$ 14,991</u>	<u>\$ 13,336</u>	<u>\$ 12,771</u>	<u>\$ 10,901</u>
All other governmental funds:										
	Reserved	\$ 19,801	\$ 10,860	\$ 31,059	\$ 51,429	\$ 13,479	\$ 6,725	\$ 10,421	\$ 9,674	\$ 2,358
	Unreserved, reported in:									
	Special revenue funds	7,174	6,485	6,584	6,055	6,433	4,692	3,822	3,525	3,968
	Debt service funds	4,387	5,554	4,490	3,511	2,635	1,856			
	Capital projects funds	<u>(19,566)</u>	<u>(61,979)</u>	<u>(73,655)</u>	<u>(64,055)</u>	<u>(34,618)</u>	<u>(26,552)</u>	<u>(11,599)</u>	<u>(9,676)</u>	<u>(4,105)</u>
Total All Other Governmental Funds		<u>\$ 11,796</u>	<u>\$ (39,080)</u>	<u>\$ (31,522)</u>	<u>\$ (3,060)</u>	<u>\$ (12,071)</u>	<u>\$ (13,279)</u>	<u>\$ 2,644</u>	<u>\$ 3,523</u>	<u>\$ 2,221</u>

Note: Schedule prepared on the modified accrual basis of accounting.
Data prior to 2002 is currently being developed.

CITY OF MILFORD, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:									
Property taxes and assessments	\$ 151,420	\$ 151,760	\$ 147,515	\$ 136,715	\$ 127,833	\$ 129,672	\$ 119,987	\$ 116,987	\$ 106,979
Fines, forfeitures, penalties and interest	1,001	1,072	1,091	1,011	982	1,365	1,387	1,294	1,266
Intergovernmental	36,907	37,949	65,565	29,908	28,304	26,155	25,688	24,419	25,115
Charges for services	7,609	6,720	7,220	8,614	8,166	6,938	8,008	6,568	5,288
Investment income	231	689	2,865	3,692	2,819	1,138	572	800	1,263
Other	6,117	6,546	6,032	6,600	5,963	2,148	548	784	1,008
Total revenues	203,285	204,736	230,288	186,540	174,067	167,416	156,190	150,852	140,919
Expenditures:									
General government	4,981	4,591	4,268	4,483	4,421	4,214	4,271	4,580	4,005
Administration	2,397	2,404	2,422	2,341	2,206	2,113	2,060	1,986	1,844
Public safety	23,712	23,555	22,588	21,910	20,435	19,335	18,609	18,406	17,657
Public services	19,949	17,991	17,170	17,353	16,452	16,166	15,890	15,131	14,161
Education	115,871	113,944	135,532	101,972	97,376	89,731	85,196	81,544	76,187
Health and welfare	3,554	3,747	3,827	3,332	3,242	3,085	2,732	2,747	2,587
General charges	15,948	16,619	18,594	15,406	13,734	14,203	12,116	11,899	11,253
Other	2,504	2,561	2,500	2,484	2,437	2,300	2,259	2,207	2,129
Capital outlay	14,423	30,745	46,475	23,602	12,329	27,292	16,348	9,799	10,682
Debt service - principal	6,745								
Debt service - interest	3,303								
Debt service*		9,001	9,246	9,238	9,032	8,714	8,005	8,425	8,360
Total expenditures	213,387	225,158	262,622	202,121	181,664	187,153	167,486	156,724	148,865
Excess of Revenue Under Expenditures	(10,102)	(20,422)	(32,334)	(15,581)	(7,597)	(19,737)	(11,296)	(5,872)	(7,946)
Other Financing Sources (Uses):									
Lease principal receipts						479	447	417	389
Issuance of bonds	59,246	13,500	6,620	7,100	7,710	4,900	9,315	9,170	3,100
Capital leases				208					
Issuance of refunding bonds	15,470						18,615		
Payment to refunded bond escrow agent	(15,899)						(18,621)		
Premium on issuance of debt	617						199		
Cost of debt issuance							(180)		
Sale of capital assets	98	22		14,969	1,750	90	1,189		
Transfers in	2,333	3,332	3,163	3,410	1,895	2,482	3,024	1,456	2,405
Transfers out	(2,330)	(3,332)	(3,163)	(3,310)	(1,895)	(2,482)	(3,024)	(1,456)	(2,405)
Total other financing sources (uses)	59,535	13,522	6,620	22,377	9,460	5,469	10,964	9,587	3,489
Net Change in Fund Balances	\$ 49,433	\$ (6,900)	\$ (25,714)	\$ 6,796	\$ 1,863	\$ (14,268)	\$ (332)	\$ 3,715	\$ (4,457)
Debt Service as a Percentage of Noncapital Expenditures	5.05%	4.63%	4.28%	5.17%	5.30%	5.50%	5.30%	5.70%	6.00%

Note: Schedule prepared on the modified accrual basis of accounting.
Data prior to 2002 is currently being developed.

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

CITY OF MILFORD, CONNECTICUT

SEVEN YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET
FISCAL YEAR 2004-2010
(In Thousands)

	<u>Adopted Budget 2010-2011</u>	<u>Actual 6/30/2010</u>	<u>Actual 6/30/2009</u>	<u>Actual 6/30/2008</u>	<u>Actual 6/30/2007</u>	<u>Actual 6/30/2006</u>	<u>Actual 6/30/2005</u>	<u>Actual 6/30/2004</u>
Revenues:								
Property taxes and assessments	\$ 152,009	\$ 146,149	\$ 146,819	\$ 142,244	\$ 131,265	\$ 122,405	\$ 124,473	\$ 115,667
Intergovernmental revenue	13,807	22,212	24,521	16,492	21,200	21,078	17,842	17,541
Fines, forfeitures, penalties and interest	1,100	1,001	1,072	1,091	1,011	982	1,365	1,387
Investment income	168	152	467	1,994	2,808	2,254	885	460
Other	8,462	6,129	6,633	7,411	8,542	8,183	4,296	3,997
Total revenues	<u>175,546</u>	<u>175,643</u>	<u>179,512</u>	<u>169,232</u>	<u>164,826</u>	<u>154,902</u>	<u>148,861</u>	<u>139,052</u>
Expenditures:								
General government	4,075	3,573	3,322	3,348	3,238	3,139	3,104	3,077
Administration	2,566	2,397	2,404	2,417	2,338	2,205	2,111	2,056
Public safety	23,156	22,294	22,427	21,396	20,813	19,925	19,174	18,556
Public services	12,131	11,401	11,825	11,382	11,414	10,915	10,881	10,321
Education	101,122	106,657	106,963	95,534	95,431	91,148	83,738	79,965
Health and welfare	1,737	1,629	1,649	1,644	1,601	1,567	1,499	1,528
General charges	16,435	15,948	16,619	18,594	15,406	13,734	14,203	12,116
Grants to agencies	3,103	2,504	2,561	2,500	2,484	2,437	2,300	2,259
Debt service	11,201	10,048	9,001	9,142	9,117	9,032	8,714	8,005
Capital outlay	20							
Total expenditures	<u>175,546</u>	<u>176,451</u>	<u>176,771</u>	<u>165,957</u>	<u>161,842</u>	<u>154,102</u>	<u>145,724</u>	<u>137,883</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>(808)</u>	<u>2,741</u>	<u>3,275</u>	<u>2,984</u>	<u>800</u>	<u>3,137</u>	<u>1,169</u>
Other financing sources (uses):								
Lease principal payments							479	447
Issuance of refunding bonds		15,470						18,615
Payment to refunded bond escrow agent		(15,899)						(18,621)
Premium on issuance of debt		617						199
Cost of debt issuance								(180)
Sale of capital assets		98	22		10	1,750	90	1,189
Transfers in		545		1000	149		137	55
Transfers out		(1,466)	(2,105)	(1,530)	(2,949)	(1,895)	(2,188)	(2,326)
Net other financing uses		<u>(635)</u>	<u>(2,083)</u>	<u>(530)</u>	<u>(2,790)</u>	<u>(145)</u>	<u>(1,482)</u>	<u>(622)</u>
Net change in fund balances		(1,443)	658	2,745	194	655	1,655	547
Fund equity, beginning year		19,246	18,588	15,840	15,646	14,991	13,336	12,789
Residual equity transfer				3				
Fund Equity, End of Year	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	\$ <u>15,840</u>	\$ <u>15,646</u>	\$ <u>14,991</u>	\$ <u>13,336</u>	\$ <u>13,336</u>
Reserve for encumbrances	\$ 3,319	\$ 3,154	\$ 2,612	\$ 1,869	\$ 1,285	\$ 1,563	\$ 1,259	\$ 1,259
Reserved for other purposes	22	22	21	42	63	88	103	103
Reserve for subsequent years	2,000	3,750	1,750	2,500	3,000	3,000	2,000	2,000
Unreserved - undesignated	12,462	12,320	14,205	11,429	11,298	10,340	9,974	9,974
Fund Equity	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	\$ <u>15,840</u>	\$ <u>15,646</u>	\$ <u>14,991</u>	\$ <u>13,336</u>	\$ <u>13,336</u>

TABLE 6

CITY OF MILFORD, CONNECTICUT
CAPITAL IMPROVEMENT PROGRAM

2010-2015

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>Total</u>
Proposed Projects:						
Education	\$ 6,920	\$ 5,920	\$ 7,200	7,600	\$ 7,400	\$ 35,040
Sewers	3,420	3,100	4,100	5,500	8,650	24,770
Fire	3,900					3,900
Police					1,188	1,188
Roads/Drainage	1,050	4,850	1,050	1,050	1,050	9,050
Bridges	500	0	0	0	0	500
Buildings	500	500	450	210		1,660
Erosion/Flood control	835	900	500			2,235
Harbor	2,000					2,000
Recreation	235	275	700	350		1,560
	<u>19,360</u>	<u>15,545</u>	<u>14,000</u>	<u>14,710</u>	<u>18,288</u>	<u>81,903</u>
Total	<u>\$ 19,360</u>	<u>\$ 15,545</u>	<u>\$ 14,000</u>	<u>14,710</u>	<u>\$ 18,288</u>	<u>\$ 81,903</u>
Proposed Funding:						
Bonds	\$ 16,226	\$ 7,112	\$ 10,792	11,346	\$ 15,002	\$ 60,478
Grants	3,049	8,108	3,158	3,314	3,236	20,865
Pay-As-You-Go	85	325	50	50	50	560
	<u>19,360</u>	<u>15,545</u>	<u>14,000</u>	<u>14,710</u>	<u>18,288</u>	<u>81,903</u>
Total	<u>\$ 19,360</u>	<u>\$ 15,545</u>	<u>\$ 14,000</u>	<u>14,710</u>	<u>\$ 18,288</u>	<u>\$ 81,903</u>

CITY OF MILFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In Thousands)

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								
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	50.99%
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	50.71%
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	44.76%
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%
2005	2003	2,712,980	672,583		410,112	299,382	4,095,057	117,241	3,977,816	31.34	5,682,594	70.00%
2004	2002	2,604,546	771,566		400,071	306,177	4,082,360	125,544	3,956,816	29.20	5,652,594	70.00%
2003	2001	2,586,643	733,885		397,019	292,752	4,010,299	109,240	3,901,059	28.84	5,572,941	70.00%
2002	2000	2,488,951	693,771		458,594	278,292	3,919,608	99,604	3,820,004	26.86	5,457,149	70.00%
2001	1999	1,935,137	782,426		267,249	235,050	3,219,862	82,766	3,137,096	30.89	4,481,566	70.00%

Notes:

- (1) Does not include supplemental motor vehicles.
- (2) Beginning with the October 1991 Grand List, Connecticut General Statutes exempted new manufacturing equipment from property taxation by municipalities. The State directly reimburses the City for 100% of the foregone taxes through fiscal year 2001. Fiscal year 2002, 2003 and 2004 have lower reimbursement rates.
- (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 2010 and FY2001
(In Thousands)

Taxpayers	Nature of Business	2010			2001		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Connecticut Post Limited Partnership	Regional Shopping Mall	\$ 118,062	1	2.20%	\$ 64,781	2	2.07%
Connecticut Light and Power Company	Utility	90,402	2	1.68%	90,431	1	2.88%
Devon Power	Utility	53,084	3	0.99%			
Milford Crossing Investors LLC	Retail	51,860	4	0.96%			
Smith Craft Real Estate, ETALS	Real Estate Developer	47,464	5	0.88%			
Schick Manufacturing Inc.	Manufacturer - Razors	34,601	6	0.64%	43,157	4	1.38%
Crown Milford, LLC	Office Park	29,200	7	0.54%	29,127	5	0.93%
JP Construction Company/Avalon Bay	Apartment	18,672	8	0.35%			
D'Amato Investments, LLC	Real Estate Development	18,283	9	0.34%	22,525	6	0.72%
Keystone Milford LLC	Retail (Stop & Shop)	13,910	10	0.26%			
Bic Corporation	Manufacturer - Pens, Razors				45,675	3	1.46%
Southern Connecticut Gas Company	Utility				15,241	7	0.49%
Jai Alai Associates Limited Partnership	Jai Alai Fronton				13,028	8	0.42%
Fairhaven Investors LTD	Office Park				7,905	10	0.25%
TOTAL		\$ 475,538		8.84%	\$ 343,537		10.97%

Source: City of Milford, Office of Tax Assessor

* This 40MM represents multiple properties that were owned by Equitable Assurance. All the properties have been sold to others with Crown Milford owning the largest portion of these properties.

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 (6/30/10)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	28.23	\$ 146,895	\$ 144,148	98.13%	\$ N/A	\$ 144,148	98.13%
2009	28.23	148,604	145,060	97.62%	1,635	146,695	98.72%
2008	31.77	142,432	140,289	98.50%	1,774	142,063	99.74%
2007	34.36	130,409	129,553	99.34%	1,227	130,780	100.28%
2006	32.18	122,782	120,875	98.45%	992	121,867	99.25%
2005	31.34	124,490	122,359	98.28%	1,183	123,542	99.24%
2004	29.20	115,969	113,658	98.01%	1,720	115,378	99.49%
2003	28.84	112,937	110,869	98.17%	1,591	112,460	99.58%
2002	26.86	102,891	100,861	98.03%	1,627	102,488	99.61%
2001	30.89	97,215	95,008	97.73%	1,744	96,752	99.52%

CITY OF MILFORD, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands, except per capita)

Fiscal Year	Governmental Activities			Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases		
2010	\$ 82,985	\$ 23,633	\$ 44	1.98	\$ 1,908
2009	74,220	2,062	84	1.42	1,420
2008	66,905	2,174	124	1.50	1,190
2007	66,500	2,284	162	1.74	1,210
2006	65,605	78		1.64	1,254
2005	64,105	85		1.60	1,226
2004	64,780	92		1.64	1,239
2003	59,530	99		1.53	1,138
2002	55,820	106		1.46	1,067
2001	58,060	113		1.85	1,110

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

CITY OF MILFORD, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2010

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2010						\$	147,011	
Reimbursement for revenue loss on:								
Tax relief for the elderly							<u>10</u>	
Base						\$	<u><u>147,021</u></u>	
		General Purpose	Schools	Sewers	Urban Renewal		Pension Bonds	
Debt Limitation								
2-1/4 times base	\$	330,797	\$		\$		\$	
4-1/2 times base			661,595					
3-3/4 times base				551,329				
3-1/4 times base					477,818			
3 times base							441,063	
Total debt limitation		<u>330,797</u>	<u>661,595</u>	<u>551,329</u>	<u>477,818</u>		<u>441,063</u>	
Indebtedness:								
Bonds payable		30,156	31,654	21,174				
Notes payable		3,493	11,845	8,295				
CWF project loan obligation				43,426				
Authorized, unissued debt		7,595	5,719	27,560				
Less school construction grants			(2,367)					
Total indebtedness		<u>41,244</u>	<u>46,851</u>	<u>100,455</u>	<u>-</u>		<u>-</u>	
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u><u>289,553</u></u>	\$	<u><u>614,744</u></u>	\$	<u><u>450,874</u></u>	\$	<u><u>477,818</u></u>
						\$	<u><u>441,063</u></u>	

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,029,147).

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

	FISCAL YEAR									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt limit	\$ 1,029,147	\$ 1,035,573	\$ 998,970	\$ 924,329	\$ 863,436	\$ 881,447	\$ 820,190	\$ 800,408	\$ 731,542	\$ 687,711
Total net debt applicable to limit	<u>188,550</u>	<u>175,948</u>	<u>183,701</u>	<u>174,476</u>	<u>156,738</u>	<u>156,568</u>	<u>132,815</u>	<u>72,518</u>	<u>67,759</u>	<u>58,571</u>
Legal Debt Margin	\$ <u>840,597</u>	\$ <u>859,625</u>	\$ <u>815,269</u>	\$ <u>749,853</u>	\$ <u>706,698</u>	\$ <u>724,879</u>	\$ <u>687,375</u>	\$ <u>727,890</u>	\$ <u>663,783</u>	\$ <u>629,140</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>18.32%</u>	<u>16.99%</u>	<u>18.39%</u>	<u>18.88%</u>	<u>18.15%</u>	<u>17.76%</u>	<u>16.19%</u>	<u>9.06%</u>	<u>9.26%</u>	<u>8.52%</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, 2010

Long- term bonded (1)		
Bonds:		
Public Improvement	\$	30,156
Schools		31,654
Sewers		21,174
Clean Water		<u>43,426</u>
Total long-term bonded debt		<u>126,410</u>
Short-term debt:		
Bond Anticipation Notes		23,633
Clean Water Interim Financing Obligations		<u>-</u>
Total Short-term debt		<u>23,633</u>
Total Direct Debt		150,043
Less School Construction Grants - State of Connecticut (2)		<u>2,363</u>
Total Net Direct Debt and Overall Net Debt	\$	<u><u>147,680</u></u>

Note: The City has no overlapping or underlying debt.

Population (3)		55,907
Net Taxable Grand List (10/01/08)	\$	5,377,363
Estimated Full Value (70%)	\$	7,681,946
Equalized Grand List (2006) (4)	\$	10,214,669
Money Income Per Capita (2000) (4)	\$	28,882

	Total Direct Debt	Total Net Direct Debt
Per Capita	\$ 2,683.80	\$ 2,641.53
Ratio to net Taxable Grand List	2.79%	2.75%
Ratio to Estimated Full Value	1.95%	1.92%
Ratio to Equalized Grand List	1.47%	1.45%
Debt per Capita to Money Income per Capita	9.29%	9.15%

*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

CITY OF MILFORD, CONNECTICUT

RATIOS OF NET LONG-TERM 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	Population (4)	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)					
2001	1999	3,137,095	4,481,565	53,052	1.69	1.18	52,305	1014.28	2.90
2002	2000	3,820,003	5,457,149	54,005	1.40	0.99	52,305	1,032.50	2.95
2003	2001	3,901,059	5,572,941	52,018	1.33	0.93	52,305	994.51	3.44
2004	2002	3,956,816	5,652,594	59,269	1.50	1.05	52,305	1133.15	3.92
2005	2003	3,983,877	5,682,594	58,115	1.46	1.02	52,305	1,111.09	3.85
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 (b)	1,123.00	3.80
2008	2006	4,472,546	9,992,784	67,342 (a)	1.50	0.94	55,127 (b)	1,217.48	4.22
2009	2007	5,251,646	7,502,354	74,862 (a)	1.43	1.00	55,455 (b)	1,349.96	4.67
2010	2008	5,377,363	7,681,947	124,043 (a)	2.31	1.61	55,907 (b)	2,218.74	7.68

(1) Revaluation Grand Lists 2006, 2007; Net Assessed Values are phased-in values. 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%.

(2) Assessment Ratio 70% for Grand List years 1999-2005.

(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 (a), State of Connecticut Department of Public Health (b).

(5) Money Income Per Capita: 1999-2003 \$28,882, U.S. Department of Commerce.

CITY OF MILFORD, CONNECTICUT

AUTHORIZED BUT UNISSUED DEBT

JUNE 30, 2010

Project	BANS		Paydowns	General Purpose	Schools	Sewers	
	Bonds Authorized	Bonds Issued					Due 11/04/10
Rec Facility Improvement	\$ 1,310,000	\$ 1,277,000	\$	\$ 33,000	\$	\$	
810 W RiverLand Purchase	450,000	431,500		18,500			
Pepe's Farm Road and Woodmont Road	1,370,000	1,202,000		168,000			
Stowe Property	895,000	690,000		205,000			
Senior Center Renovations	1,950,000	1,909,000		41,000			
Milford Academy Renovations	2,650,000	2,275,000	2,250	372,750			
Various Public Improvements (Feb 04)	2,700,000	2,374,065		325,935			
Various Public Improvements (Nov 04)	3,331,947	2,777,500		554,447			
Public Improvements (March 05)	1,315,000	1,030,500	150	284,350			
Road Resurfacing (March 06)	715,000	660,000		55,000			
Orange Ave Land Acquisition	1,400,000	1,343,500		56,500			
Public Improvements (Feb 07)	4,650,000	3,290,935	63,000	1,296,065			
Public Improvements (Apr 08)	3,715,559	2,417,000	480,000	818,559			
Public Improvements (Feb 10)	6,292,000		2,950,000	3,342,000			
General Improvements	1,775,538	1,751,800		23,738			
Total General Improvement	34,520,044	23,429,800	3,493,000	2,400	7,594,844	-	-
Various School Projects (May 03)	1,817,932	1,546,000			271,932		
School Improvements 2005	1,179,120	1,123,500		3,150	52,470		
School Improvements 2006	4,904,273	4,649,500		22,550	232,223		
School Improvements 2007	13,269,300	11,392,000	1,140,000		737,300		
School Improvements 2008	1,440,000		400,000		1,040,000		
Law Phase III Construction	4,050,000		4,005,000		45,000		
School Improvements 2010	9,640,000		6,300,000		3,340,000		
Total School	36,300,625	18,711,000	11,845,000	25,700	-	5,718,925	-
Sewers Phase XII	1,650,000	1,208,000				442,000	
Sewers Phase XI	3,430,000	3,293,560				136,440	
Sewer Plant Renovations	33,172,523	7,600,000	4,500,000			21,072,523	
Sewers Phase XIII	2,555,000	1,550,000	5,000			1,000,000	
Sewers XIV Design Phase	930,000	589,400				340,600	
East/West Interceptor	4,250,000	2,665,000	1,392,000			193,000	
Buckingham Force Main	4,650,000	500,000	1,648,000			2,502,000	
Roger Pump & High Street	2,623,500		750,000			1,873,500	
Total Sewer	53,261,023	17,405,960	8,295,000	-	-	-	27,560,063
Total	\$ 124,081,692	\$ 59,546,760	\$ 23,633,000	\$ 28,100	\$ 7,594,844	\$ 5,718,925	\$ 27,560,063

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>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2010	55,907	\$ 28,882	39.4	7,166	9.0
2009	55,455	28,882	39.4	7,306	7.8
2008	55,127	28,882	39.4	7,374	5.6
2007	54,802	28,882	39.4	7,389	3.7
2006	52,305	28,882	39.4	7,597	4.4
2005	52,305	28,882	39.4	7,582	4.4
2004	52,305	28,882	39.4	7,578	4.5
2003	52,305	28,882	39.4	7,428	5.4
2002	52,305	28,882	39.4	7,389	4.6
2001	52,305	28,882	39.4	7,392	3.2

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

(2) Source: U.S. Census Bureau

(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

2010 AND 2001

Business Name	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
City of Milford Board of Education	Municipal School System	1,140	1	4.05%	1,054	2	3.94%
Milford Hospital	Healthcare	831	2	2.95%	770	3	2.88%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	654	3	2.32%	600	5	2.24%
Schick	Manufacturer - Razors	627	4	2.23%	750	4	2.81%
City of Milford	Municipal Government	561	5	1.99%	562	6	2.10%
Neopost Hasler, Inc.	Postage Meter Company	350	6	1.24%			
Stop & Shop Stores Combined	Grocery Store	337	7	1.20%	400	8	1.50%
Macy's	Retail Department Store	277	8	0.98%			
ShopRite of Milford	Grocery Store	247	9	0.88%			
Costco	Wholesale Club	243	10	0.86%			
BIC Corporation	Manufacturer - Lighters				1,600	1	5.98%
New Connecticut Limousine	Transportation				475	7	1.78%
Filene's	Retail Department Store				350	9	1.31%
Alinibal	Manufacturer				225	10	0.84%
Total		<u>5,267</u>		<u>18.71%</u>	<u>6,786</u>		<u>25.38%</u>
Total Employment		<u>28,158</u>			<u>26,737</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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government	126.72	125.72	125.72	125.72	123.72	125.72	122.72	120.72	248.72	249.72
Police	130	129	132	131	131	127	131	133	132	132
Fire	127	127	127	127	127	127	127	127	127	127
Refuse collection	33	31	33	33	33	33	33	33	33	33
Other public works	85	81	87	85	90	90	90	90	90	90
Wastewater	27	25	31	31	31	31	31	31	31	31
Parks and recreation	7	7	7	7	7	7	7	7	7	7
Library	19.28	19.28	19.28	19.28	19.28	19.28	19.28	19.28	19.28	19.28
Education	<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>	<u>977.11</u>	<u>967.47</u>	<u>948.01</u>	<u>948.08</u>	<u>931.58</u>
Total	<u><u>1,716.85</u></u>	<u><u>1,726.85</u></u>	<u><u>1,589.57</u></u>	<u><u>1,562.34</u></u>	<u><u>1,537.11</u></u>	<u><u>1,528.47</u></u>	<u><u>1,509.01</u></u>	<u><u>1,636.08</u></u>	<u><u>1,620.58</u></u>	<u><u>1,588.93</u></u>

TABLE 19

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

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government:										
Building permits issued	68	67	47	122	161	250	87	108	157	202
All other permits	2,826	2,705	3,221	3,814	4,439	4,776	3,329	3,294	3,456	2,590
Building inspections conducted	5,878	7,581	8,265	8,712	9,207	8,476	8,821	8,159	8,306	6,380
Police:										
Physical arrests	1,900	2,065	1,772	2,421	1,271	1,724	1,858	1,813	1,474	1,416
Parking violations	4,673	3,637	4,097	4,252	3,333	3,694	3,694	2,995	4,864	3,638
Traffic violations	8,224	11,507	9,241	11,450	12,698	11,496	9,588	8,959	10,706	13,700
Fire:										
Emergency responses	7,819	7,369	7,731	7,170	7,014	6,526	6,668	6,569	6,479	6,424
Fires extinguished	150	169	265	253	232	213	216	280	225	171
Refuse collection:										
Refuse collected (tons per day)	15,590.09	14,603.81	14,141.73	14,282.05	15,395.32	15,584.27	15,590.13	15,664.96	15,435.09	15,405.67
Recyclables collected (tons per day)	2,574.55	2,779.02	3,238.55	2,898.86	3,176.66	2,996.47	3,021.08	2,887.20	2,825.46	3,016.71
Other public works:										
Street resurfacing (miles)	5.84	2.50	6.23	6.06	4.50	6.00	3.00	3.60	5.40	5.10
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	124,590	120,506	121,159	119,224	117,751	118,074	120,881	101,777	106,091	106,242
Total volumes borrowed	220,213	210,245	195,837	182,942	169,423	209,058	217,704	216,670	217,824	216,830
Wastewater:										
Average daily sewage treatment (thousands of gallons)	8,700	10,250	10,250	11,100	11,100	11,100	11,100	11,100	11,100	11,100

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Source: Various City Departments

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

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	40	40	40	40	40	40	40	40	40	40
Fire stations	5	5	5	5	5	5	5	5	5	5
Refuse collection:										
Collection trucks	11	11	11	11	11	11	11	11	10	10
Other public works:										
Streets (miles)	199	199	199	199	199	199	199	199	199	199
Traffic signals	134	134	131	131	131	131	131	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	39	39	39	39	38
Playgrounds	23	23	23	23	23	23	23	23	23	24
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	25	25	25	25	28	28	28	28	28
Community centers	5	5	5	5	5	5	5	5	5	4
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	1,397	1,390	1,377	1,377	1,377	1,371	1,371	1,364	1,359	1,341
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)	260	260	260	260	260	260	260	260	260	260
Treatment capacity (thousands of gallons)	14,250	11,100	11,100	11,100	11,100	11,100	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	9	9	9	9	9	9	9	9	9	9

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*	Number of Permits	Value*	Number of Permits	Value*	Number of Permits	Value*
2001	146	\$ 22,592	56	\$ 5,330	2,590	\$ 32,015	2,792	\$ 59,937
2002	148	23,469	9	4,787	3,456	44,567	3,613	72,823
2003	99	17,228	9	5,559	3,294	36,994	3,402	59,781
2004	75	30,261	12	7,466	3,329	46,751	3,416	84,478
2005	239	20,022	11	11,967	4,776	101,128	5,026	133,117
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

(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.