

City of Milford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

City of Milford Connecticut

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

**Prepared by:
City of Milford Finance Department**

**Peter A. Erodici, Jr.
Director of Finance**

**Ariane P. Swift
City Accountant**

CITY OF MILFORD, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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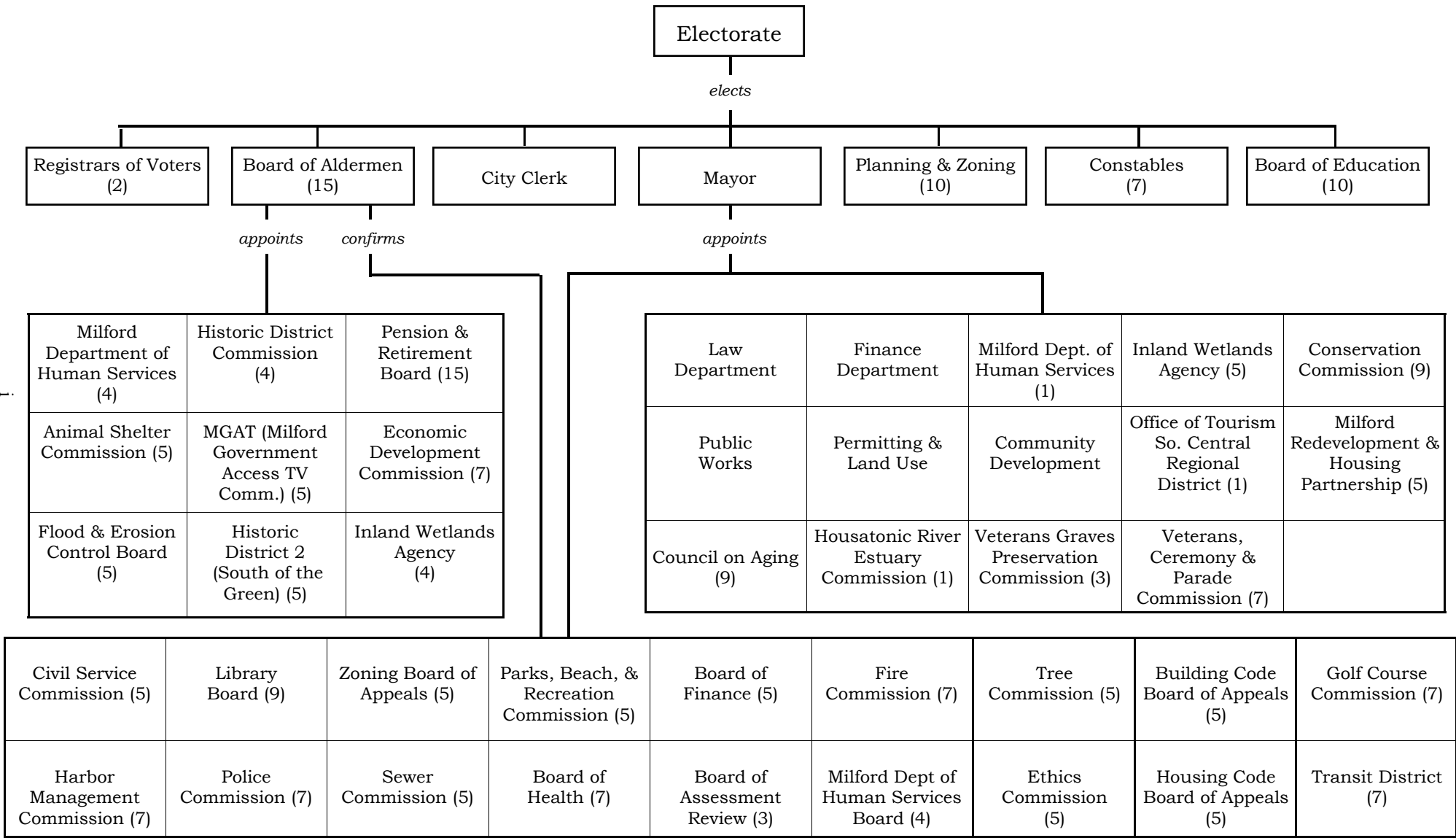
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Introductory Section

City of Milford Organizational Chart



PRINCIPAL OFFICIALS

Mayor

Benjamin G. Blake

Board of Aldermen

Philip J. Vetro, Chair

Brian Bier

Anthony Giannattasio

Greta Stanford

Janet A. Golden

Susan Fontana

Dominick Veccharelli, Jr.

Martin B. Hardiman

Frank J. Smith

Michael S. Casey

Susan Shaw

Daniel J. German

Dora Kubek

Bryan N. Anderson

Raymond G. Vitali

Board of Education

Susan Glennon, Chair

John DeRosa

Michael M. DeGrego

Tracy CaseyAnthony Piselli

George Gensure

Earl Whiskeyman

Heidi Gold-Dworkin

Suzanne L. DiBiase

Laura Fucci

Appointed Officials

Dr. Elizabeth Feser, Superintendent of Schools

Jonathan D. Berchem, City Attorney



City of Milford, Connecticut

- Founded 1639 -

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

Office of the
Director of Finance

December 17, 2014

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, 2014 is hereby submitted. This report was prepared by the City's Department of Finance in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner that presents fairly the financial position and results of the operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

PROFILE OF THE GOVERNMENT

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

Milford has a Mayor-Board of Aldermen form of government. The Mayor and fifteen Aldermen are elected each odd-numbered year. The City's Charter guarantees representation by more than one political party, with no more than ten (10) aldermen from the same party. The legislative function is performed by the Board of Aldermen. The budgetary process involves sequential recommendations by Department Heads and Boards and Commissions, the Mayor, and the five (5) 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 2010 census data shows that Milford's median family income was \$94,077, compared to the State's \$81,246 and the median age of a Milford resident was 43.3 years.

The City's unemployment rate was 6 % through August 2014 as compared to the State of Connecticut at 6.9%. The decrease in the unemployment rate from 7.1% to 6% 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, 2013 was \$6.38 billion which represents a slight 0.6% decrease over the grand list of October 1, 2012. This was primarily due to the damage to some shoreline homes due to the October 29, 2012 Storm Sandy. The top ten taxpayers have been relatively stable over the past two years and represent 8.43% of the grand list.

In spite of the effects of the national and international economic downturn Milford continues to see signs of growth and progress. Shoreline homes are in the process of rebuilding which should help to increase the grand list going forward.

In 2014, FCP, an online retailer of automotive parts and accessories, opened their new corporate headquarters in Milford bringing with them new jobs and plans for expansion.

The redevelopment of 230 Cherry Street, the eventual site of a new ShopRite grocery store, is expected to reinvigorate the area with several pad sites dedicated to gas, retail, and restaurants. The new store will be 68,000 square feet or 20% larger than the current store. The plaza, to be built on property vacant for 10 years, will also include a 25,000 square-foot retail space as well as a restaurant unit. The plaza is expected to be completed in 2016.

In and around the City a number of small businesses have opened and Downtown Milford has continued to see development. Eli's On Whitney, which has other restaurant locations in Branford and Hamden, opened a Milford location at the former Daniel Street Grill site.

In Walnut Beach, the revitalization effort showed signs of progress as the City completed projects financed with an approximately \$1 million state grant. There have been numerous streetscape improvements installed throughout the neighborhood.

On the Boston Post Road, Bounce Town USA opened a 14,500 square feet facility. It is the State's largest bounce facility and houses obstacle courses, rock climbs, slides, and Velcro walls. Several new stores, a children's spa, and a Carraba's Italian Grill opened at the Westfield Connecticut Post Mall. A new shopping center will replace the former Smiles Entertainment Center site. Hobby Lobby, a national arts and crafts chain, has opened in a site formerly occupied by Sports Authority. Further, Cumberland Farms moved into the former Gloria's Garden Center site with a 4,500 square foot convenience store and gas station.

The City's office park sector saw improvement. Thinklogical, a privately-held company that makes fiber optic switching systems and other equipment for the computing industry, has acquired the portion of its Washington Street headquarters that it did not already own. Dari Farms Ice Cream relocated from Bridgeport to a 3,500 square foot space in the Quarry Road business park. The Connecticut Cabinet Center opened on Research Drive as well.

In the medical field, Yale New Haven Hospital will open a unit at Milford Hospital, running a 24-bed inpatient rehabilitation unit on a floor of the facility. The new unit is expected to open in May 2015.

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, 2014, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

THE OPERATING BUDGET

Guidelines

Budgetary Control

In addition to internal accounting controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budgets for the General Fund as approved by the Board of Aldermen and as may be amended by the Board during the fiscal year. The level of budgetary control (that is, the level at which

expenditures cannot legally exceed the appropriated amount) is the department. The City also maintains project budgets for all capital project funds and special revenue funds.

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

Debt

The City's long-standing administrative policy is that debt service shall not exceed 10% of the respective year budget. For FY2014, debt service represents approximately 6.52% of the budget.

Use of Fund Balance

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

Budgetary and Long Term Financial Planning

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

The City tries to conservatively budget revenues, particularly building permit fees, investment income, and conveyance fees. These revenues are highly dependent on the economy and market conditions. The City has also recognized the impacts of the economy on the State budget and is conservative in planning for State grants. For FY13 and FY14, the City planned for adjustments in certain grants and others with level funding. In FY14, state grants were budgeted at \$14.6million and funded 7.5% of the City's budget. In FY13, state grants were budgeted at \$15.5 million, which was 8.3% of the budget. The Education Cost Sharing Grant, which is a major grant for the City, increased slightly from \$11 million budgeted in FY13 to \$11.2 million budgeted in FY14.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. The City negotiated a wage increase of 2% for FY14 for all City unions and gave the same to the non-represented employees. In FY13 and FY14, the Education Operations (EO) budget increased 1.66% and 2.26% and the City's budget increased 0.86% and 6.34% respectively. Some of the key reasons for the City's increase were as follows: a \$1.9 million increase in the pension annual required contribution, a \$920 thousand increase in debt service, a \$1.2 million increase in the health insurance fund contribution for both City and BOE, and approximately \$1 million in contractual wage increases for City employees. Each year, the City works to implement changes which result in expenditure reductions as well, including energy efficiency initiatives. In 2014, Milford joined the Greater Bridgeport Regional Solid Waste Interlocal Committee (GBRSW). The GBRSW is comprised of several municipalities which bundle their solid waste tonnage in an effort to obtain the most economical disposal agreement. The GBRSW successfully negotiated a new long term disposal agreement with Wheelabrator Bridgeport, LLP. Significant savings are projected since Milford's cost per ton decreased from \$67.31 to \$59.75.

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 will expire on June 30, 2015. The Police, Fire, and Nurses Union contracts will expire on June 30, 2016. These contracts include a premium cost share on an increasing sliding scale for all employees who will now contribute to the cost of their health insurance (Police already had a premium cost share implemented). The City will have to balance fixed asset and infrastructure maintenance/improvements while keeping debt service at a manageable level. The City plans to continue funding of the pension plans. The City will continue compiling a five-year capital plan and a five-year vehicle and equipment replacement schedule.

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

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

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

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

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

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

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

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

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

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

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

Certificate of Achievement for Excellence in Financial Reporting. The government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Milford for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. A. Erodici, Jr.", with a stylized, elongated vertical stroke at the end.

Peter A. Erodici, Jr.
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Milford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Milford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 53 through 58, and the pension disclosures on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Milford, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 14, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet and Internal Service Fund financial statements as of and for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part

of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet and Internal Service Fund financial statements have been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet and Internal Service Fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the City of Milford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Milford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 17, 2014

CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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, 2014. This is the eleventh year of reporting in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

Financial Highlights

- The City's net position decreased overall as a result of this year's operations. Net position of our business-type activities increased by \$232 thousand and net position of our governmental activities decreased by \$9.95 million.
- During the year, the City had expenses that were \$10.2 million more than the \$229.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$239.4 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$22.9 million and unassigned fund balance of \$14.8 million.
- The resources available for appropriation were \$503 thousand more than budgeted for the General Fund. Expenditures were \$2.6 million less than final appropriations.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

- *Governmental funds (Exhibits III and IV)*- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.

- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Health, Workers' Compensation, and Property and Casualty Internal Service Funds.
- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other postemployment benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The City's combined net position decreased from \$109 million to \$98.4 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 94,138	\$ 87,840	\$ 523	\$ 724	\$ 94,661	\$ 88,564
Capital assets	343,874	329,447	3,126	3,163	347,000	332,610
Total assets	<u>438,012</u>	<u>417,287</u>	<u>3,649</u>	<u>3,887</u>	<u>441,661</u>	<u>421,174</u>
Deferred outflow of resources:						
Deferred charge on refunding	<u>787</u>	<u>914</u>			<u>787</u>	<u>914</u>
Long-term debt outstanding	297,960	273,890			297,960	273,890
Other liabilities	<u>42,914</u>	<u>35,828</u>	<u>10</u>	<u>16</u>	<u>42,924</u>	<u>35,844</u>
Total liabilities	<u>340,874</u>	<u>309,718</u>	<u>10</u>	<u>16</u>	<u>340,884</u>	<u>309,734</u>
Deferred inflow of resources:						
Advance property tax collections	<u>3,120</u>	<u>1,902</u>			<u>3,120</u>	<u>1,902</u>
Net position:						
Net investments in capital assets	166,869	153,422	3,126	3,163	169,995	156,585
Restricted	255	255			255	255
Unrestricted	<u>(72,319)</u>	<u>(48,924)</u>	<u>513</u>	<u>708</u>	<u>(71,806)</u>	<u>(48,216)</u>
Total Net Position	<u>\$ 94,805</u>	<u>\$ 104,753</u>	<u>\$ 3,639</u>	<u>\$ 3,871</u>	<u>\$ 98,444</u>	<u>\$ 108,624</u>

Net position of the City's governmental activities decreased 9.5% (\$94.8 million compared to \$104.8 million). Unrestricted net position - the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a deficit of \$72.3 million at the end of this year.

There was a 6% decrease (\$3.64 million compared to 3.87 million in the net position of business-type activities from 2013 to 2014.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 7,753	\$ 8,313	\$ 333	\$ 332	\$ 8,086	\$ 8,645
Operating grants and contributions	36,980	29,867			36,980	29,867
Capital grants and contributions	115	1,753			115	1,753
General revenues:						
Property taxes	174,885	170,870			174,885	170,870
Grants and contributions not restricted to specific purposes	8,693	11,327			8,693	11,327
Unrestricted investment earnings	72	1,735	1		73	1,735
Other general revenues	718	1,019			718	1,019
Total revenues	<u>229,216</u>	<u>224,884</u>	<u>334</u>	<u>332</u>	<u>229,550</u>	<u>225,216</u>
Expenses:						
General government	9,770	8,068			9,770	8,068
Administration	3,803	4,018			3,803	4,018
Public safety	38,410	41,506			38,410	41,506
Public services	27,538	25,314			27,538	25,314
Education	142,617	138,265			142,617	138,265
Health and welfare	5,503	5,728			5,503	5,728
Grants to agencies	9,072	4,051			9,072	4,051
Interest on long-term debt	2,711	2,703			2,711	2,703
Milford Golf Course			64	69	64	69
Harbor management			242	230	242	230
Total program expenses	<u>239,424</u>	<u>229,653</u>	<u>306</u>	<u>299</u>	<u>239,730</u>	<u>229,952</u>
Transfers in (out)	<u>260</u>	<u>4</u>	<u>(260)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (9,948)</u>	<u>\$ (4,765)</u>	<u>\$ (232)</u>	<u>\$ 29</u>	<u>\$ (10,180)</u>	<u>\$ (4,736)</u>

The City's total revenues were \$229.2 million. The total cost of all programs and services was \$239.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues increased by \$4.3 million from 2013. Most of the increase is attributable to property tax revenue and operating grants.

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

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Public safety	\$ 38,410	\$ 41,506	\$ 34,846	\$ 38,347
Public services	27,538	25,314	21,060	23,109
Education	142,617	138,265	109,707	107,126
All others	30,859	24,568	28,963	21,138
Totals	<u>\$ 239,424</u>	<u>\$ 229,653</u>	<u>\$ 194,576</u>	<u>\$ 189,720</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by 0.6% (\$334 thousand in 2014 compared to \$332 thousand in 2013) and expenses increased by 2.3% (\$306 thousand in 2014 versus \$299 thousand in 2013).

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 \$21.4million, which is a decrease of \$3.7 million over last year's fund balance of \$25 million. Included in this year's total change in fund balance, is a decrease of \$1 million in the general fund, and increases of \$508 thousand in the Capital Non-recurring Fund (CNR) and \$2.6 million in the Sanitary Sewer Fund (SSR). The fund balance decreased by \$6.5 million in the School Facilities Fund due to expenditures incurred and paid prior to the receipt of school grant revenue and the issuance of bonds, which is anticipated. Moreover, the primary reasons for the General Fund's decrease in fund balance mirrors the governmental activities analysis highlighted in Exhibit IV. Because \$5 million of general fund balance was assigned in 2013 to support the 2014 budget, property tax revenue growth was moderated. In addition, the City had collected \$2.5 million from the sale of delinquent tax liens in 2013, but there was no sale in 2014. As a result, revenue from taxes increased only by 0.97% in 2014 compared to 5.8% in 2013. There were also two traditionally general fund State grants, which converted to restricted revenue that had to be deposited into the Capital NR Fund for Town Aid Road purposes (\$950 thousand less than budgeted). On the

expenditure side, the City implemented a hiring freeze mid-year and other expenditure restrictions. This yielded a surplus from expenditures coming in less than budget at levels similar to the prior year.

Proprietary Funds

The Internal Service Funds' net position increased \$1.8 million primarily due to higher operating revenues from employer contributions and employee cost share. The Enterprise Funds' net position decreased from last year by \$232 thousand due to an allocation transfer from fund balance for golf course capital projects.

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$953 thousand due to a higher collection rate than was used in the budget.
- State aid revenue was less than budgeted by \$437 thousand. This was due to both increases and decreases in various grant revenues. Moreover, the BOE had a deficit in their special education costs budget resulting in a \$105 revenue shortfall in the City's general fund budget.
- Investment Income - revenues from the investment of idle funds were more than budgeted by \$14 thousand due to slightly higher interest rates and more money on deposit in the Connecticut Short Term Investment Fund.
- Other Revenue was \$38 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$177 thousand above budget mainly due to higher than anticipated conveyance taxes, paramedic fees, and recycling revenues. These income categories are directly related to the economy and population, and can fluctuate.
- Department Expenditures - Expenditure controls were put into place throughout the fiscal year, including a hiring freeze and overtime restrictions, which resulted in an overall budget surplus of \$2.3 million on the expenditure side.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the City's governmental activities had \$343.9 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 \$14.5 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 36.6	\$ 36.5	\$ 1.7	\$ 1.7	\$ 38.3	\$ 38.2
Construction in progress	134.0	143.1			134.0	143.1
Buildings and improvements	107.9	87.6	1.3	1.3	109.2	88.9
Machinery and equipment	8.9	8.7	0.2	0.2	9.1	8.9
Infrastructure	56.5	53.5			56.5	53.5
Totals	<u>\$ 343.9</u>	<u>\$ 329.4</u>	<u>\$ 3.2</u>	<u>\$ 3.2</u>	<u>\$ 347.1</u>	<u>\$ 332.6</u>

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

Police Equipment and Vehicles	\$ 94
Public Works Equipment and Vehicles	1,400
Fire Department Equipment and Vehicles	101
Trumbull Avenue Revetment - CIP	567
School Additions and Renovations - CIP	13,060
School Additions and Renovations	23,042
Sewer CIP	3,634
Sewer Installations	4,065
	<u>\$ 45,963</u>

The City's fiscal-year 2014-2015 capital plan has \$29 million of capital projects planned. School building renovations are estimated at \$10.7 million, sewer projects at \$14 million, and public service projects at \$4.3 million. Of the total estimated \$29 million, it is expected to finance \$24 million with bonds and \$4.5 million with grants. It is likely that not all projects will be implemented - resulting in a lower level of cost. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2014, the City had \$176.4 million in bonds and notes outstanding versus \$166.6 million last year - an increase of 5.9% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 7.

Table 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	2014	2013
General obligation bonds (backed by the City)	\$ 119,490	\$ 111,570
Bond anticipation notes (backed by the City)	21,526	17,555
Long-term note payable	35,400	37,460
Totals	\$ <u>176,416</u>	\$ <u>166,585</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 2015 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City's unemployment rate has decreased from 7.1% to 6.0%. In comparison, the figures for the State of Connecticut have decreased from 8.1% to 6.9%.

These indicators were taken into account when adopting the General Fund budget for 2014-2015. The adopted budget for FY 2015 is \$198 million, an increase of 2% over the final 2014 budget of \$194 million. No new programs or initiatives were added to the 2015 budget. State grants were assumed to fund 7.2% of the 2015 budget as compared to 7.5% of the 2014 budget.

If estimates are realized, the City's June 30, 2015 budgetary General Fund balance is expected to be \$4 million lower than the June 30, 2014 budgetary General Fund balance because of the use of that amount to balance the budget. As for the City's business-type activities, we expect that the 2014-2015 results will improve due to more rounds of golf, higher operating fee revenue, and an increase in bookings at the marina.

Contacting the City's Financial Management

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

Basic Financial Statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 79,800	\$ 500	\$ 80,300
Investments	117		117
Receivables, net	13,922		13,922
Inventory	45		45
Prepaid items and other assets	233		233
Net pension asset	21		21
Capital assets:			
Capital assets not being depreciated	170,527	1,654	172,181
Capital assets being depreciated, net	173,347	1,472	174,819
Total assets	<u>438,012</u>	<u>3,626</u>	<u>441,638</u>
Deferred Outflow of Resources:			
Deferred charge on refunding	<u>787</u>		<u>787</u>
Liabilities:			
Accounts and other payables	20,750	10	20,760
Unearned revenue	13		13
Due to other governments	602		602
Internal balances	23	(23)	-
Bond anticipation notes payable	21,526		21,526
Noncurrent liabilities:			
Due within one year	16,546		16,546
Due in more than one year	281,414		281,414
Total liabilities	<u>340,874</u>	<u>(13)</u>	<u>340,861</u>
Deferred Inflow of Resources:			
Advance property tax collection	<u>3,120</u>		<u>3,120</u>
Net Position:			
Net investments in capital assets	166,869	3,126	169,995
Restricted for:			
Trust purposes:			
Expendable	255		255
Unrestricted	<u>(72,319)</u>	<u>513</u>	<u>(71,806)</u>
Total Net Position	<u>\$ 94,805</u>	<u>\$ 3,639</u>	<u>\$ 98,444</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, 2014

(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 9,770	\$ 1,125	\$	\$	\$ (8,645)	\$	\$ (8,645)
Administration	3,803				(3,803)		(3,803)
Public safety	38,410	3,246	267	51	(34,846)		(34,846)
Public services	27,538	1,627	4,851		(21,060)		(21,060)
Education	142,617	1,627	31,219	64	(109,707)		(109,707)
Health and welfare	5,503	128	643		(4,732)		(4,732)
Grants to agencies	9,072				(9,072)		(9,072)
Interest on long-term debt	2,711				(2,711)		(2,711)
Total governmental activities	<u>239,424</u>	<u>7,753</u>	<u>36,980</u>	<u>115</u>	<u>(194,576)</u>	<u>-</u>	<u>(194,576)</u>
Business-type activities:							
Milford Golf Course	64	84				20	20
Harbor Management	242	249				7	7
Total business-type activities	<u>306</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Total	\$ <u>239,730</u>	\$ <u>8,086</u>	\$ <u>36,980</u>	\$ <u>115</u>	<u>(194,576)</u>	<u>27</u>	<u>(194,549)</u>
General revenues:							
Property taxes					174,885		174,885
Grants and contributions not restricted to specific programs					8,693		8,693
Unrestricted investment earnings					72	1	73
Other general revenues					718		718
Transfers					260	(260)	-
Total general revenues and transfers					<u>184,628</u>	<u>(259)</u>	<u>184,369</u>
Change in net position					(9,948)	(232)	(10,180)
Net position, July 1, 2013					<u>104,753</u>	<u>3,871</u>	<u>108,624</u>
Net position, June 30, 2014					\$ <u>94,805</u>	\$ <u>3,639</u>	\$ <u>98,444</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

(In Thousands)

	General	Sewer Fund	Capital Nonrecurring Fund	Sanitary Sewer Fund	School Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 39,204	\$ 5,222	\$ 5,902	\$ 155	\$ 2,512	\$ 12,263	\$ 65,258
Investments	117						117
Receivables, net	12,451	182				401	13,034
Due from other funds	1,338	208	377			318	2,241
Inventories						45	45
Prepaid items and other assets	207		26				233
Total Assets	<u>\$ 53,317</u>	<u>\$ 5,612</u>	<u>\$ 6,305</u>	<u>\$ 155</u>	<u>\$ 2,512</u>	<u>\$ 13,027</u>	<u>\$ 80,928</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 9,964	\$ 429	\$ 777	\$ 454	\$ 1,312	\$ 1,391	\$ 14,327
Other liabilities	3,801	1	124	476	881		5,283
Due to other governments	584		18				602
Due to other funds	933	258	814	127	27	190	2,349
Unearned revenue	746	285				8	1,039
Bond anticipation notes payable			3,615	2,581	15,130	200	21,526
Total liabilities	<u>16,028</u>	<u>973</u>	<u>5,348</u>	<u>3,638</u>	<u>17,350</u>	<u>1,789</u>	<u>45,126</u>
Deferred inflow of resources:							
Unavailable revenue - property taxes	6,352						6,352
Unavailable revenue - property taxes interest	4,889						4,889
Unavailable revenue - special assessments	80						80
Advance property tax collections	3,120						3,120
Total deferred inflow of resources	<u>14,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,441</u>
Fund balances:							
Nonspendable	21		26			45	92
Restricted						3,845	3,845
Committed	1,054	864	1,940	5,880	2,921	7,463	20,122
Assigned	6,959					86	7,045
Unassigned	14,814	3,775	(1,009)	(9,363)	(17,759)	(201)	(9,743)
Total fund balances	<u>22,848</u>	<u>4,639</u>	<u>957</u>	<u>(3,483)</u>	<u>(14,838)</u>	<u>11,238</u>	<u>21,361</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 53,317</u>	<u>\$ 5,612</u>	<u>\$ 6,305</u>	<u>\$ 155</u>	<u>\$ 2,512</u>	<u>\$ 13,027</u>	<u>\$ 80,928</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

(In Thousands)

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

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

Fund balances - total governmental funds	\$	21,361
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	481,650	
Less accumulated depreciation		<u>(137,776)</u>	
Net capital assets			343,874

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

Net pension asset		21
Property tax receivables greater than 60 days		287
Interest receivable on property taxes		4,889
Assessments receivable		6,352
Interest receivable on assessments		71
Receivable from the state for school construction projects		746

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

	10,647
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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	(154,890)
Interest payable on bonds and notes	(681)
Compensated absences	(19,043)
Net OPEB obligation	(118,240)
Bond premium	(1,376)
Deferred charges on refunding	<u>787</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>94,805</u></u>
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The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>General</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes and assessments	\$ 165,899	\$ 7,170	\$	\$	\$	\$	\$ 173,069
Fines, forfeitures, penalties and interest	1,058						1,058
Intergovernmental	27,759		4,284		338	6,884	39,265
Charges for services	2,251	119	100			4,267	6,737
Investment income	75	40				2	117
Other	5,985	628				1,890	8,503
Total revenues	<u>203,027</u>	<u>7,957</u>	<u>4,384</u>	<u>-</u>	<u>338</u>	<u>13,043</u>	<u>228,749</u>
Expenditures:							
Current:							
General government	3,885					787	4,672
Administration	2,529						2,529
Public safety	23,686					2,251	25,937
Public services	11,691					547	12,238
Education	123,068					7,874	130,942
Health and welfare	1,645					2,088	3,733
General charges	21,961						21,961
Grants to agencies	2,642						2,642
Capital outlay		7,620	6,729	3,903	13,093		31,345
Debt service	12,648						12,648
Total expenditures	<u>203,755</u>	<u>7,620</u>	<u>6,729</u>	<u>3,903</u>	<u>13,093</u>	<u>13,547</u>	<u>248,647</u>
Excess (deficiency) of revenues over expenditures	<u>(728)</u>	<u>337</u>	<u>(2,345)</u>	<u>(3,903)</u>	<u>(12,755)</u>	<u>(504)</u>	<u>(19,898)</u>
Other financing sources (uses):							
Issuance of bonds and notes			3,055	6,545	6,194	206	16,000
Transfers in	1,327	31	1,135			800	3,293
Transfers out	(1,625)	(21)	(1,337)			(50)	(3,033)
Total other financing sources (uses)	<u>(298)</u>	<u>10</u>	<u>2,853</u>	<u>6,545</u>	<u>6,194</u>	<u>956</u>	<u>16,260</u>
Net change in fund balances	(1,026)	347	508	2,642	(6,561)	452	(3,638)
Fund balances, July 1, 2013	<u>23,874</u>	<u>4,292</u>	<u>449</u>	<u>(6,125)</u>	<u>(8,277)</u>	<u>10,786</u>	<u>24,999</u>
Fund Balances, June 30, 2014	<u>\$ 22,848</u>	<u>\$ 4,639</u>	<u>\$ 957</u>	<u>\$ (3,483)</u>	<u>\$ (14,838)</u>	<u>\$ 11,238</u>	<u>\$ 21,361</u>

(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, 2014

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)	\$ (3,638)
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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	19,739
Depreciation expense	(5,245)
Loss on disposal of asset	(67)

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	(274)
Property tax receivable - accrual basis change	378
Property tax interest and lien revenue - accrual basis change	375
Sewer assessment receivable and interest - accrual basis change	67
Sewer assessment interest receivable - accrual change	(7)
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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments	10,140
Issuance of bonds and notes	(16,000)
Premium on bonds refunded	120

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	(1,323)
Accrued interest	(54)
Net OPEB expense	(15,692)
Other	(142)
Amortization of bond discounts	(127)

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.

1,801

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(9,948)</u>
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The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Assets:				
Current:				
Cash and cash equivalents	\$ 77	\$ 423	\$ 500	\$ 14,542
Receivables, net			-	888
Due from other funds	24		24	85
Total current assets	<u>101</u>	<u>423</u>	<u>524</u>	<u>15,515</u>
Capital assets, net	1,794	1,332	3,126	
Total assets	<u>1,895</u>	<u>1,755</u>	<u>3,650</u>	<u>15,515</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities		10	10	457
Due to other funds		1	1	
Total current liabilities	<u>-</u>	<u>11</u>	<u>11</u>	<u>457</u>
Noncurrent:				
Due within one year:				
Risk management claims				4,411
Total liabilities	<u>-</u>	<u>11</u>	<u>11</u>	<u>4,868</u>
Net Position:				
Invested in capital assets	1,794	1,332	3,126	
Unrestricted	101	412	513	10,647
Total Net Position	<u>\$ 1,895</u>	<u>\$ 1,744</u>	<u>\$ 3,639</u>	<u>\$ 10,647</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	Business-Type Activities			Governmental
	Milford	Harbor	Total	Internal
	Golf Course	Management		Service
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 33,615
Charges for services	84	249	333	5,913
Other			-	287
Total operating revenues	<u>84</u>	<u>249</u>	<u>333</u>	<u>39,815</u>
Operating expenses:				
Health and welfare	48	221	269	
Depreciation	16	21	37	
Insurance premiums and claims expense			-	38,015
Total operating expenses	<u>64</u>	<u>242</u>	<u>306</u>	<u>38,015</u>
Operating income	20	7	27	1,800
Nonoperating revenue:				
Interest income		1	1	1
Transfers out	<u>(260)</u>		<u>(260)</u>	
Change in net position	(240)	8	(232)	1,801
Total net position, beginning of year	<u>2,135</u>	<u>1,736</u>	<u>3,871</u>	<u>8,846</u>
Total Net Position, End of Year	\$ <u>1,895</u>	\$ <u>1,744</u>	\$ <u>3,639</u>	\$ <u>10,647</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, 2014

(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 84	\$ 249	\$ 333	\$ 39,528
Cash paid to employees		(227)	(227)	
Cash paid to vendors	(48)		(48)	
Cash payments for claims paid			-	(37,567)
Net cash provided by operating activities	<u>36</u>	<u>22</u>	<u>58</u>	<u>1,961</u>
Cash flows to/from noncapital financing:				
Transfers to/from other funds	<u>(260)</u>	<u>-</u>	<u>(260)</u>	
Cash flows from investing activities:				
Interest and dividends received		<u>1</u>	<u>1</u>	<u>1</u>
Net (decrease) increase in cash and cash equivalents	(224)	23	(201)	1,962
Cash and cash equivalents at beginning of year	<u>301</u>	<u>400</u>	<u>701</u>	<u>12,580</u>
Cash and Cash Equivalents at End of Year	<u>\$ 77</u>	<u>\$ 423</u>	<u>\$ 500</u>	<u>\$ 14,542</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 20	\$ 7	\$ 27	\$ 1,800
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	16	21	37	
(Increase) decrease in due from other funds	(23)	(5)	(28)	43
(Increase) decrease in accounts receivable	23		23	(330)
Increase (decrease) in accounts payable and accrued liabilities		(1)	(1)	448
Net Cash Provided by Operating Activities	<u>\$ 36</u>	<u>\$ 22</u>	<u>\$ 58</u>	<u>\$ 1,961</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

(In Thousands)

	Pension Trust Funds	City OPEB Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ <u>25,304</u>	\$ <u>22</u>	\$ <u>1,659</u>
Investments:			
Certificate of deposits			123
Corporate bonds	32,486		
U.S. government obligations	13,409		
Marketable equity securities	195,112		
Asset backed securities	10,464		
Alternative investments	66,057		
Mutual funds	<u>11,608</u>	<u>4,068</u>	<u> </u>
Total investments	<u>329,136</u>	<u>4,068</u>	<u>123</u>
Receivables	<u>5</u>	<u> </u>	<u> </u>
Total assets	<u>354,445</u>	<u>4,090</u>	\$ <u><u>1,782</u></u>
Liabilities:			
Accounts and other payables	151		\$
Due to employees and students	<u> </u>	<u> </u>	<u>1,782</u>
Total liabilities	<u>151</u>	<u> </u>	\$ <u><u>1,782</u></u>
Net Position:			
Held in Trust for Retirement Benefits	\$ <u><u>354,294</u></u>	\$ <u><u>4,090</u></u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	Pension Trust Funds	City OPEB Trust Fund
Additions:		
Contributions:		
Plan members	\$ 2,169	\$
Employer-current year	2,225	5,907
Employer-additional		500
Total contributions	<u>4,394</u>	<u>6,407</u>
Miscellaneous	<u>12</u>	<u>1</u>
Investment income:		
Net appreciation in fair value of investments	33,671	444
Interest and dividends	8,564	62
Net gain on sale of investments	<u>13,187</u>	<u>101</u>
	55,422	607
Less investment expense	<u>8,222</u>	<u>12</u>
Net investment gain	<u>47,200</u>	<u>595</u>
Total additions	<u>51,606</u>	<u>7,003</u>
Deductions:		
Benefit payments and withdrawals	21,862	5,907
Administration	1	
Other	<u>3,056</u>	
Total deductions	<u>24,919</u>	<u>5,907</u>
Net Increase	26,687	1,096
Net position held in trust, beginning of year	<u>327,607</u>	<u>2,994</u>
Net Position Held in Trust, End of Year	<u>\$ 354,294</u>	<u>\$ 4,090</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 position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

The OPEB Trust Fund accounts for and accumulates resources for post-employment benefits due to the City's retirees.

All fiduciary funds, including agency funds, use the accrual, rather than the modified accrual, of accounting.

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

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

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

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

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

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

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

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	35-70
Motor vehicles	5-20
Office and other equipment	5-15

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

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

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

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

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

Unrestricted Net Position - This component of net position includes anything that does not meet the definition of “restricted” or “net investments in capital assets.”

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Prior to February 1, the Mayor and the Board of Education submit proposed budgets for their respective shares of the General Fund to the Board of Finance. Prior to April 1, the Board of Finance submits to the Board of Aldermen the proposed fiscal budget. The Board of Aldermen then holds hearings on the Board of Finance’s proposed budget. The Board of Aldermen may reduce or delete any item contained in the Board of Finance’s budget by a simple majority. The Board of Aldermen may increase or add to any item in the Board of Finance budget by a two-thirds vote. The Board of Aldermen adopts the budget for the following fiscal year and sets the mill rate. This budget, at the department level, becomes the legal level of control. For management purposes, the Mayor is authorized to transfer budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Allocation transfers of \$642 were approved during the fiscal year.

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

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

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

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year whereas they are shown as an assigned fund balance on a GAAP basis of accounting.
- In accordance with 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 funds had a deficit fund balance at June 30, 2014:

	<u>Amount</u>
Major:	
School Facilities Fund	\$ 14,838
Sanitary Sewer Fund	3,483
Nonmajor:	
School Renovations	201

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$28,254 of the City's bank balance of \$32,515 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 26,630
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>1,624</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 28,254</u></u>

Cash Equivalents

At June 30, 2014, the City's cash equivalents amounted to \$64,079. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m
Money market funds *	

*Not rated

Investments

As of June 30, 2014, 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:					
Asset-backed securities	NR	\$ 10,464	\$	\$ 1,434	\$ 9,030
Treasury notes	N/A	13,409		8,330	5,079
Corporate bonds	AA+	685		685	
Corporate bonds	A+ to A-	4,949		4,949	
Corporate bonds	BBB+ to BBB-	10,962	621	10,341	
Corporate bonds	BB+ to BB-	9,155		9,155	
Corporate bonds	B+ to B-	4,997	43	4,892	62
Corporate bonds	CAA2	155		155	
Corporate bonds	CCC	1,583		1,583	
Certificates of deposit	*	240	123	117	
Total		56,599	\$ 787	\$ 41,641	\$ 14,171
Other investments:					
Equities		195,112			
Alternative investments		66,057			
Mutual funds		15,676			
Total Investments		\$ 333,444			

*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, 2014, 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>Sewer Fund</u>	<u>Nonmajor and Aggregate Remaining Funds</u>
Receivables:			
Taxes	\$ 12,980	\$ 166	\$
Accounts	53	16	1,056
Special assessments	80		
Intergovernmental	748		238
Gross receivables	<u>13,861</u>	<u>182</u>	<u>1,294</u>
Less allowance for uncollectibles:	<u>(1,410)</u>		
Net Total Receivables	<u>\$ 12,451</u>	<u>\$ 182</u>	<u>\$ 1,294</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 36,573	\$ 5	\$	\$	\$ 36,578
Construction in progress	143,057	18,000		(27,108)	133,949
Total capital assets not being depreciated	<u>179,630</u>	<u>18,005</u>	<u>-</u>	<u>(27,108)</u>	<u>170,527</u>
Capital assets being depreciated:					
Buildings and improvements	144,085		(168)	23,043	166,960
Improvements other than buildings	3,577	19			3,596
Machinery and equipment	38,865	1,647	(1,775)		38,737
Infrastructure	97,697	68		4,065	101,830
Total capital assets being depreciated	<u>284,224</u>	<u>1,734</u>	<u>(1,943)</u>	<u>27,108</u>	<u>311,123</u>
Less accumulated depreciation for:					
Buildings and improvements	(58,980)	(2,506)	111		(61,375)
Improvements other than buildings	(1,059)	(192)			(1,251)
Machinery and equipment	(30,145)	(1,499)	1,765		(29,879)
Infrastructure	(44,223)	(1,048)			(45,271)
Total accumulated depreciation	<u>(134,407)</u>	<u>(5,245)</u>	<u>1,876</u>	<u>-</u>	<u>(137,776)</u>
Total capital assets being depreciated, net	<u>149,817</u>	<u>(3,511)</u>	<u>(67)</u>	<u>27,108</u>	<u>173,347</u>
Governmental Activities Capital Assets, Net	<u>\$ 329,447</u>	<u>\$ 14,494</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ 343,874</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,654	\$	\$	\$	\$ 1,654
Capital assets being depreciated:					
Buildings and system	468				468
Improvements other than buildings	1,231				1,231
Machinery and equipment	693				693
Total capital assets being depreciated	<u>2,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,392</u>
Less accumulated depreciation for:					
Buildings and system	(267)	(16)			(283)
Improvements other than buildings	(152)	(5)			(157)
Machinery and equipment	(464)	(16)			(480)
Total accumulated depreciation	<u>(883)</u>	<u>(37)</u>	<u>-</u>	<u>-</u>	<u>(920)</u>
Total capital assets being depreciated, net	<u>1,509</u>	<u>(37)</u>	<u>-</u>	<u>-</u>	<u>1,472</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,163</u>	<u>\$ (37)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,126</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	84
Administration		163
Public safety		1,247
Public service		2,142
Education		1,378
Health and welfare		161
Grants to agencies		<u>70</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>5,245</u></u>
Business-type activities:		
Milford Golf Course	\$	16
Harbor Management		<u>21</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>37</u></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, 2014, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Nonrecurring Fund	General Fund	\$ 377
General Fund	Harbor Management	1
General Fund	Capital Nonrecurring Fund	814
General Fund	Nonmajor Governmental	177
General Fund	Sanitary Sewer	127
General Fund	School Facilities	27
General Fund	Sewer Use	192
Internal Service	Nonmajor Governmental	14
Internal Service	General Fund	8
Internal Service	Sewer Use	63
Nonmajor Governmental	General Fund	315
Nonmajor Governmental	Sewer Use	3
Harbor Management	General Fund	24
Sewer Use	General Fund	<u>208</u>
Total		\$ <u><u>2,350</u></u>

Interfund transfers:

	Transfers In				
	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental</u>	<u>Sewer Use</u>	<u>General Fund</u>	<u>Total</u>
Transfers out:					
General Fund	\$ 825	\$ 800	\$	\$	\$ 1,625
Capital Nonrecurring Fund			31	1,306	1,337
Milford Golf Course	260				260
Nonmajor Governmental	50				50
Sewer Use Fund				21	21
Total	\$ <u>1,135</u>	\$ <u>800</u>	\$ <u>31</u>	\$ <u>1,327</u>	\$ <u>3,293</u>

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

7. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2014 amounted to \$119,490 with interest rates ranging from 2.0% to 4.0% on bonds maturing at various dates through the year 2034. Grants receivable to offset future City principal payments totaled \$746 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$45,552 at June 30, 2014. 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	\$ 111,570	\$ 16,000	\$ (8,080)	\$ 119,490	\$ 8,890
Bond premium	1,496		(120)	1,376	
Total bonds payable	<u>113,066</u>	<u>16,000</u>	<u>(8,200)</u>	<u>120,866</u>	<u>8,890</u>
Long-term note payable	37,460		(2,060)	35,400	2,102
Claims and judgments	4,010	38,015	(37,614)	4,411	4,411
Compensated absences	17,720	1,413	(90)	19,043	1,143
Net OPEB obligation	<u>102,548</u>	<u>15,692</u>		<u>118,240</u>	
Total Governmental Activities					
Long-Term Liabilities	\$ <u>274,804</u>	\$ <u>71,120</u>	\$ <u>(47,964)</u>	\$ <u>297,960</u>	\$ <u>16,546</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>
2015	\$ 8,890	\$ 3,963	\$ 12,853
2016	8,535	3,699	12,234
2017	8,940	3,415	12,355
2018	8,345	3,101	11,446
2019	8,015	2,789	10,804
2020	7,840	2,486	10,326
2021	7,445	2,194	9,639
2022	7,235	1,917	9,152
2023	7,070	1,654	8,724
2024	6,600	1,433	8,033
2025	6,155	1,241	7,396
2026	5,890	1,058	6,948
2027	5,510	880	6,390
2028	5,155	706	5,861
2029	4,825	539	5,364
2030	4,150	375	4,525
2031	3,395	249	3,644
2032	2,735	145	2,880
2033	1,960	65	2,025
2034	800	16	816
Total	\$ 119,490	\$ 31,925	\$ 151,415

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>
2015	\$ 2,102	\$ 688	\$ 2,790
2016	2,144	644	2,788
2017	2,188	604	2,792
2018	2,232	554	2,786
2019	2,278	513	2,791
2020-2024	12,098	1,856	13,954
2025-2029	12,358	614	12,972
Total	\$ 35,400	\$ 5,473	\$ 40,873

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, 2014, \$6,955 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, 2014.

	<u>Amount</u>
Notes payable, July 1, 2013	\$ 17,555
Notes issued	36,880
Notes retired	<u>(32,909)</u>
Notes Payable, June 30, 2014	<u>\$ 21,526</u>

During the year, the City issued \$15,354 in notes dated November 12, 2013, which matured May 12, 2014 and carried an interest rate of 1%. The City also issued notes on November 12, 2013 in the amount of \$4,031 with a maturity date of November 10, 2014 and interest rate of 1%. On May 12, 2014, the City issued \$17,495 in notes that mature on November 10, 2014 and carry an interest rate of .5%. These notes serve as temporary financing for various general purpose, school and sewer projects.

Other Obligations

At June 30, 2014, 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	\$ 374,801	\$ 65,943	\$ 308,858
Schools	749,601	61,315	688,286
Sewers	624,668	93,963	530,705
Urban renewal	541,379		541,379
Pension deficit	499,734		499,734

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,166,046).

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 \$746 of State of Connecticut school building grant commitments.

8. RISK MANAGEMENT

The City and the Board of Education are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. For FY2014, the City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability, and Educators' Liability were insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$-0- for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$1,000. The Board of Education insures its Workers' Compensation with CIRMA.

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

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

The Property and Casualty Self Insurance Fund is an internal service fund that was established by the Board of Aldermen in April 2003 along with a self insurance program for property and casualty insurance. This fund pays for claims that occurred between April 23, 2003 and June 30, 2008. The General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability and Educator's Liability were self insured for the first \$250 thousand dollars of each claim. There is still one claim open from this period.

The claims liability reported in the Internal Service Fund at June 30, 2014 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

	Liability July 1,	Current Year Claims	Claim Payments	Liability June 30,
06/30/13	\$ 310	\$ 1,179	1,268	221
06/30/14	221	1,279	1,287	213

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

The City carries an Excess Workers' Compensation Policy with Safety National Casualty Corporation with a self-insured retention per occurrence of \$500,000.

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

Changes in the claims liability for the years ended June 30, 2014 and 2013 were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/13	\$ 2,015	1,218	1,197	2,036
06/30/14	2,036	1,185	1,023	2,198

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, 2014, the annual limit on individual medical claims chargeable to the Fund is \$100,000. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes General Fund contributions to the Health Insurance Fund based on budgeted amounts, which, in conjunction with estimated Grant contributions, total the year's estimated expected losses. Employee and applicable retirees under age 65 also make contributions to the fund through premium cost share.

Changes in the claims liability for the years ended June 30, 2014 and 2013 were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/13	\$ 1,775	\$ 34,442	\$ 34,464	\$ 1,753
06/30/14	1,753	35,551	35,304	2,000

9. 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.

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

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, 2013:

	City of Milford Retirement System
Retirees and beneficiaries receiving benefits	743
Terminated employees entitled to benefits but not yet receiving them	17
Active plan members	705
	<hr/>
Total	1,465
	<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.

Method Used to Value Investments: Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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

Changes in Actuarial Methods and Assumptions: The investment return assumption has been changed from 8.25% to 8.00%, net of investment expenses. This change increased costs for the City, Fire, and Police approximately \$0.5, \$0.3, and \$0.4 million respectively.

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.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

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

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability at June 30, 2014, were as follows:

Total pension liability	\$	353,977
Plan fiduciary net position		<u>354,294</u>
Net pension asset	\$	<u>(317)</u>
Plan fiduciary net position as a percentage of the total pension asset		100.09%

The net pension liability will be required to be recorded on the government wide statement of net position at June 30, 2015.

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

Inflation	3.00%
Salary increases	Age related table
Investment rate of return	8.0%

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	4.75%
US Mid/Small Cap Equity	5.50%
International Developed Equity	5.25%
International Emerging Market Equity	6.00%
Core Fixed Income	2.00%
High Yield Fixed Income	3.25%
International Fixed Income	2.50%
REITs	5.00%
Other (hedge fund, etc.)	5.25%

Discount Rate: The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Town Net Pension (Asset) Liability \$	\$ 39,164	\$ (317)	\$ (33,520)

E. 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
Annual required contribution	\$ 2,225
Interest on net pension obligation	(1)
Adjustment to annual required contribution	2
Annual pension cost	2,226
Contribution made	(2,225)
Decrease in net pension asset	1
Net pension asset, July 1, 2013	(22)
Net pension asset, June 30, 2014	\$ (21)

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

City of Milford Retirement System	
Actuarial valuation date	July 1, 2013
Actuarial cost method	Aggregate Actuarial Cost
Amortization method	None
Remaining amortization period	Not Applicable
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (including inflation rate of 3%)	8.0%/annum
Projected salary increases	3.0%/annum
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1989 - 3%/annum

E. Trend Information

City of Milford Retirement System			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2012	\$ 343	99.7%	\$ (23)
2013	325	99.7	(22)
2014	2,226	100.0	(21)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (b-a)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/09	\$ 383,936	\$ 302,642	\$ (81,294)	126.9	\$ 40,550	(200.5)
7/1/10	375,679	307,980	(67,699)	122.0	40,622	(166.7)
7/1/11	372,126	307,306	(64,820)	121.1	41,597	(155.8)
7/1/12	354,081	321,477	(32,604)	110.1	43,010	(75.8)
7/1/13	341,045	341,706	661	99.8	42,773	1.6

* Schedule was prepared using the entry-age normal cost method as the aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

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, 2014 were \$302.

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 \$12,368. 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.

10. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

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

Pre-65:	
General City	\$10,391 per year
Fire	\$10,095 per year
Police	\$10,095 per year

Post-65:	
BC 65 Low Option	\$1,586 per year
Plan 82	\$2,565 per year
Medicare Part B:	
Actives	\$1,379 per year
Retirees	\$1,259 per year

Board of Education

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

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

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

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

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

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

Administrators: If retired before age 65, must be receiving retirement allowance from the Teachers' Retirement Board to qualify for benefits. No cost to retiree or spouse if the percentage of premium that the employee pays prior to retirement is less than the Teachers' Retirement Board subsidy. If cost is greater than the subsidy, retiree pays the difference. If subsidy is eliminated, retiree pays percentage of cost in effect at time of retirement. At age 65, there is no cost to the retiree or spouse for medical insurance. Retirement date on or after 7/1/2010, retiree and spouse must pay for dental coverage, regardless of age. .

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

Pre-65 (for current active members who retire):	<u>As of July 1, 2013:</u>
Board of Ed-Café	\$10,653 per year
Board of Ed-Cust	\$9,927 per year
Board of Ed-Sec	\$10,075 per year
Board of Ed-Para	\$9,944 per year
Administrators	\$9,606 per year
Teachers	\$9,944 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):

As of 1/1/14:

Plan 82 only	\$1,076 per year
Hi Option with Plan 82 and Major Medical (\$50,000)	\$4,956 per year
Hi Option with Plan 82 and Major Medical (\$250,000)	\$5,084 per year
Hi Option with Plan 82 and No Rx	\$2,398 per year
Plan F with Rx	\$6,344 per year
Medicare Part B:	
Retirees	\$1,259 per year
Post-65 (for current retirees who are under 65):	
Based on plan selected - Dental plan	\$516 per year

B. Membership

Membership in the plan consisted of the following at July 1, 2012:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	687	572
Number of active participants	1,048	533
Total	1,735	1,105

C. Description of Actuarial Assumptions and Methods

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Plan
Actuarial valuation date	July 1, 2012	July 1, 2012
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years - open	30 years - open
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

Medical Trend Rates:

Board of Education and City retirees:

9% in 2012, reducing by 0.5% each year to a final 5% per year rate for 2020 and later for pre-age 65 plans.
8% in 2012, reducing by 1.0% each year to a final 5% per year rate for 2015 and later for post-age 65 plans
(changed from 8% in 2010).

Retirement Assumptions:

City

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

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

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

Board of Education

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

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

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

D. Annual OPEB Cost and Net OPEB Obligations

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Annual required contribution	\$ 14,507	\$ 12,248
Interest on net OPEB obligation	2,694	2,434
Adjustment to annual required contribution	<u>(3,338)</u>	<u>(3,016)</u>
Annual OPEB cost	13,863	11,666
Contribution made	<u>3,429</u>	<u>6,407</u>
Increase in net OPEB obligation	10,434	5,259
Net OPEB obligation, July 1, 2013	<u>53,877</u>	<u>48,671</u>
Net OPEB obligation, June 30, 2014	\$ <u><u>64,311</u></u>	\$ <u><u>53,930</u></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 ended June 30, 2014 is presented below.

		Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed		Net OPEB Obligation (Asset)
Board of Education						
6/30/12	\$	13,287	\$ 3,972	29.9%	\$	43,758
6/30/13		13,860	3,741	27.0%		53,877
6/30/14		13,863	3,429	27.7%		64,311
City						
6/30/12	\$	13,659	\$ 8,112	59.4%	\$	40,798
6/30/13		14,297	6,425	44.9%		48,671
6/30/14		11,666	6,407	54.9%		53,930

Schedule of Employer Contributions

City		
Fiscal Year Ended	Annual Required Contribution	Percentage of ARC Contributed
6/30/09	\$ 13,055	34.9%
6/30/10	14,070	35.4
6/30/11	14,773	34.4
6/30/12	14,081	57.6
6/30/13	14,785	43.4
6/30/14	12,248	52.3
Board of Education		
Fiscal Year Ended	Annual Required Contribution	Percentage of ARC Contributed
6/30/09	\$ 11,594	29.7%
6/30/10	12,414	22.2
6/30/11	13,035	27.8
6/30/12	13,698	29.0
6/30/13	14,383	26.0
6/30/14	14,507	23.6

Schedule of Funding Progress

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

City

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)
7/1/08	\$ -	\$ 128,764	\$ 128,764	-	\$ 32,683	394.0%
7/1/10	-	133,711	133,711	-	32,996	405.0%
7/1/12	2,232	129,798	127,565	1.72%	34,856	366.0%

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)
7/1/08	\$ -	\$ 117,053	\$ 117,053	-	\$ 55,591	210.6%
7/1/10	-	131,639	131,639	-	62,165	212.0%
7/1/12	-	142,358	142,358	-	61,276	232.3%

11. FUND BALANCE

Significant encumbrances at June 30, 2014 are contained in the table below in both the assigned and committed categories of the General Fund.

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$ 21	\$	\$	\$	\$	\$ 45	\$ 66
Prepays			26				26
Restricted for:							
Grants						3,845	3,845
Committed to:							
Capital projects		864	1,940	5,880	2,921		11,605
General government	1,054					1,440	2,494
Education						2,069	2,069
Debt service						3,988	3,988
Assigned to:							
Subsequent year's budget	4,000						4,000
Encumbrances:							
General government	655						655
Public safety	386						386
Public services	91						91
Health and welfare	22						22
Education	1,805					52	1,857
Unassigned	<u>14,814</u>	<u>3,775</u>	<u>(1,009)</u>	<u>(9,363)</u>	<u>(17,759)</u>	<u>(201)</u>	<u>(9,743)</u>
Total Fund Balances	<u>\$ 22,848</u>	<u>\$ 4,639</u>	<u>\$ 957</u>	<u>\$ (3,483)</u>	<u>\$ (14,838)</u>	<u>\$ 11,238</u>	<u>\$ 21,361</u>

12. CONTINGENT LIABILITIES (Amounts not Rounded)

On June 30, 2005, the City and Milford Power Company, LLC (the MPC) entered into a Property Tax Payment Agreement. The MPC withdrew its assessment appeals for Grand Lists of 2001, 2002, 2003, and 2004. The assessment had been \$183,073,530 generating over \$5,000,000 in taxes. (The assessment and the taxes would have significantly decreased in future years due to depreciation of the personal property.) In return, the City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2015. Payments will be made in July and January of each fiscal year. The payment schedule was \$1,687,500 for each six-month period from July 2005 through January 2009. Payments were \$1,875,000 for each six-month period from July 2009 through January 2011 and will be \$1,750,000 for each six-month period from July 2011 through January 2015. The MPC made the July 2013 and January 2014 payments and is up to date with all their payments.

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

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

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

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

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

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

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, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General Property Taxes and Assessments:				
Current taxes	\$ 163,317	\$ 163,317	\$ 164,851	\$ 1,534
Personal property audit	50	50	244	194
Prior year's levies	1,500	1,500	718	(782)
Flood and erosion assessments	74	74	72	(2)
Suspense collections	5	5	14	9
Total general property taxes and assessments	<u>164,946</u>	<u>164,946</u>	<u>165,899</u>	<u>953</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,300</u>	<u>1,300</u>	<u>1,058</u>	<u>(242)</u>
Federal, State and Local Governments:				
Other State grants	200	200	95	(105)
School transportation aid - State	9	9	253	244
Education cost sharing	11,234	11,234	11,260	26
State realty in lieu of tax	380	380	517	137
Pequot State Aid	327	327	395	68
Elderly tax credit	463	463	488	25
Total disability exemptions			6	6
PILOT - private exemptions	383	383	423	40
Veteran grants	160	160	148	(12)
School debt - interest	25	25	40	15
School debt - principal	273	273	273	-
Telephone access grant	110	110	110	-
Property tax relief	288	288		(288)
Municipal Video Corporate Trust Acct			75	75
Shellfish Taxes	2	2	2	-
State aid for health	112	112	99	(13)
OTB Wagering Share	75	75	82	7
Manufacture machinery, and equipment	662	662		(662)
Total federal, state and local government	<u>14,703</u>	<u>14,703</u>	<u>14,266</u>	<u>(437)</u>
Investment Income:				
Investments in idle funds	14	14	29	15
Rental of other property	47	47	46	(1)
Total investment income	<u>61</u>	<u>61</u>	<u>75</u>	<u>14</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, 2014

(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Other Revenue:				
Rental of school property	\$ 8	\$ 8	\$ 13	\$ 5
PILOT - Water Authority	418	418	414	(4)
Power Plant Settlement	3,500	3,500	3,500	-
Genconn PT	2,025	2,025	2,025	-
Miscellaneous other revenues	4	4	40	36
Inland wetland fees	5	5	6	1
Total other revenue	<u>5,960</u>	<u>5,960</u>	<u>5,998</u>	<u>38</u>
Licenses, Permits and Other Charges:				
Devices and amusements	25	25	18	(7)
Vending permits	12	12	17	5
Disposal area licenses	45	45	49	4
Recording documents	402	402	375	(27)
Conveyance tax	482	482	548	66
General copying fees	62	62	74	12
Fire Department fees	2	2	1	(1)
Paramedic fees			23	23
Building inspection fees	625	625	590	(35)
Police fines and forfeits	55	55	25	(30)
Fingerprinting	18	18	10	(8)
False alarm fees	25	25	21	(4)
Fire Department false alarm fines	1	1		(1)
Street opening permits	7	7	8	1
Engineering fees	3	3	5	2
Residential waste fees	64	64	81	17
Health inspection fees	72	72	72	-
Planning and zoning fees	26	26	37	11
Zoning appeals fees	8	8	6	(2)
Recreation fees	44	44	50	6
Walnut Beach parking	13	13	16	3
Parking fines judicial	5	5	21	16
Vehicle violations judicial	16	16	27	11
Mobile fee	5	5	3	(2)
Sewer assessments	6	6	19	13
Animal shelter redemption	5	5	3	(2)
Dog Fund - City share	7	7	10	3

(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, 2014

(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Licenses, Permits and Other Charges (continued):				
Sale of Other Property	\$	\$	\$ 24	\$ 24
Recycling revenues	35	35	116	81
PILOT - Federal payments	2	2	1	(1)
Sticker fees	1	1	1	-
Bingo permits share	1	1		(1)
Total licenses, permits and other charges	<u>2,074</u>	<u>2,074</u>	<u>2,251</u>	<u>177</u>
Total revenues	<u>189,044</u>	<u>189,044</u>	<u>189,547</u>	<u>503</u>
Other financing sources:				
Transfer in		1,307	1,307	-
Total other financing sources	<u>-</u>	<u>1,307</u>	<u>1,307</u>	<u>-</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>189,044</u>	\$ <u>190,351</u>	190,854	\$ <u>503</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			12,368	
Special education excess cost grant is reported gross for GAAP			1,125	
Encumbrances for purchases and commitments that were subsequently cancelled in the next fiscal year			(14)	
Nonbudgetary items and eliminations related to the Compensated Absences Fund			<u>21</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>204,354</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, 2014

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
General Government:				
Board of Aldermen	\$ 6	\$ 6	\$ 4	\$ 2
Elections	75	75	74	1
Registrar of Voters	144	144	140	4
Milford Govt Access Television	16	16	15	1
Mayor's Office	264	263	260	3
General expenses	420	409	374	35
Community Development Department	112	112	97	15
City Clerk	358	363	356	7
Law Department	527	480	478	2
Ethics Commission	1	1		1
Probate Court	16	16	15	1
Board of Finance	1	1	1	-
Planning and Zoning Board	1,053	1,048	1,008	40
Board of Tax Review	3	3	2	1
Board of Zoning Appeals	15	15	6	9
Pension Board	4	4	4	-
Flood and Erosion Board		1	1	-
Tree Commission	1	1	1	-
Park and Recreation Commission	1	1	1	-
Conservation Commission	1	1	1	-
Flower memorial commission	6	6	3	3
Housatonic River Est Commission	1	1		1
Public library	1,074	1,074	1,024	50
Total general government	<u>4,099</u>	<u>4,041</u>	<u>3,865</u>	<u>176</u>
Administration:				
Finance Department	1,642	1,615	1,592	23
Data Processing Department	700	700	695	5
Personnel Department	282	282	250	32
Total administration	<u>2,624</u>	<u>2,597</u>	<u>2,537</u>	<u>60</u>
Public Safety:				
Police Department	11,222	11,222	10,934	288
Fire Department	11,057	11,055	10,808	247
Civil Preparedness	90	90	89	1
Animal Control	372	362	313	49
Lighting hydrant water	1,785	1,785	1,758	27
Total public safety	<u>24,526</u>	<u>24,514</u>	<u>23,902</u>	<u>612</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, 2014

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
Public Services:				
Public Works Office	\$ 264	\$ 206	\$ 205	\$ 1
Highway-parks division	2,519	2,234	2,216	18
Building maintenance division	2,975	2,886	2,851	35
Engineering division	377	327	305	22
General garage division	1,271	1,391	1,388	3
Solid waste operations	4,427	4,800	4,689	111
Total public services	<u>11,833</u>	<u>11,844</u>	<u>11,654</u>	<u>190</u>
Board of Education:				
Private School textbooks	20	20	10	10
Educational audit fees	22	22	22	-
Employee benefits	1,113	1,113	1,050	63
Educational operations	88,843	88,543	88,543	-
Educational Contribution Health Insurance Fund	18,592	18,592	18,592	-
Educational School Nurses	1,262	1,396	1,323	73
Total board of education	<u>109,852</u>	<u>109,686</u>	<u>109,540</u>	<u>146</u>
Health and Welfare:				
Health Department	920	922	904	18
Recreation Department	792	790	739	51
Total health and welfare	<u>1,712</u>	<u>1,712</u>	<u>1,643</u>	<u>69</u>
General Charges:				
Employee benefits - general	19,761	19,682	19,154	528
Insurance and bonds	2,387	2,387	2,331	56
Claims and refunds	655	635	568	67
Benefits and salary reserve	78	(58)	(58)	-
Unallocated contingency	50	44		44
Total general charges	<u>22,931</u>	<u>22,690</u>	<u>21,995</u>	<u>695</u>
Grants to Agencies:				
Milford Council on Aging	1,345	1,345	1,343	2
Milford Fine Arts Council	68	68	68	-
CMED	95	95	95	-
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	220	220	220	-
Milford Transit District	345	345	345	-
Milford Mental Health	350	350	350	-
Veterans' Graves	3	3	3	-
U.S. Coast Guard Auxiliary	10	10	10	-

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
Grants to Agencies (continued):				
Milford Historical District Commission	\$ 1	\$ 1	\$ 1	\$ -
Milford Progress Inc	10	10	10	-
Milford Historic #2	1	1	1	-
Visiting Nurses Association	41	41	39	2
Cemetery Association	9	9	9	-
Boys and Girls Club	70	70	70	-
Homeless Shelter/CPAC	75	75	75	-
Total grants to agencies	<u>2,646</u>	<u>2,646</u>	<u>2,642</u>	<u>4</u>
Debt Service:				
Public Debt Service	9,392	9,392	8,825	567
School Debt	3,939	3,939	3,823	116
Total debt service	<u>13,331</u>	<u>13,331</u>	<u>12,648</u>	<u>683</u>
Other Financing Uses:				
Transfers out	<u>490</u>	<u>1,625</u>	<u>1,625</u>	<u>-</u>
Total	<u>\$ 194,044</u>	<u>\$ 194,686</u>	192,051	<u>\$ 2,635</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	12,368
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	(2,239)
Prior year encumbrances reported in the current year for financial reporting purposes	2,011
Special education excess cost grant is recorded gross for GAAP	1,125
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	<u>64</u>

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

\$ 205,380

CITY OF MILFORD, CONNECTICUT

SCHEDULE OF CHANGES IN THE PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

(In Thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 7,087
Interest	27,046
Benefit payments, including refunds of member contributions	<u>(21,862)</u>
Net change in total pension liability	12,271
Total pension liability - beginning	<u>341,706</u>
Total pension liability - ending	<u>353,977</u>
Plan fiduciary net position:	
Contributions - employer	2,225
Contributions - member	2,169
Net investment income	44,193
Benefit payments, including refunds of member contributions	(21,862)
Administrative expense	(48)
Other	<u>11</u>
Net change in plan fiduciary net position	26,688
Plan fiduciary net position - beginning	<u>327,606</u>
Plan fiduciary net position - ending	<u>354,294</u>
Net Pension Asset - Ending	<u>\$ (317)</u>
Plan fiduciary net position as a percentage of the total pension asset	100.09%
Covered-employee payroll	\$ 42,773
Net pension asset as a percentage of covered-employee payroll	0.74%

CITY OF MILFORD, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST 10 FISCAL YEARS

(In Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 961	\$ 974	\$ 1,213	\$ 1,129	\$ -	\$ -	\$ -	\$ 342	\$ 324	\$ 2,225
Contributions in relation to the actuarially determined contribution	961	974	1,000	1,360	-	-	-	342	324	2,225
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 213	\$ (231)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ 35,892	\$ 38,610	\$ 39,663	\$ 40,141	\$ 40,550	\$ 40,622	\$ 41,597	\$ 43,010	\$ 42,773
Contributions as a percentage of covered-employee payroll	N/A	2.71%	2.59%	3.43%	0.00%	0.00%	0.00%	0.82%	0.75%	5.20%

Notes to Schedule

Valuation date: July, 1 2013

Measurement date: June 30, 2014

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Actuarial Cost
Amortization method	None
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Age related table
Investment rate of return	8.00%
Retirement age	Age related table

Mortality Based on the RP-2000 Fully Projected Mortality Table with male and female rates and separate table for employees and annuitants

CITY OF MILFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

13.78%

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, 2014 AND 2013

(In Thousands)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 39,204	\$ 34,433
Investments	117	117
Property taxes receivable, net	6,681	6,220
Property taxes interest receivable, net	4,889	4,514
Assessments receivable	80	78
Accounts receivable	53	113
Due from other governments	748	1,613
Due from other funds	1,338	2,937
Prepaid item	<u>207</u>	<u>774</u>
Total Assets	<u>\$ 53,317</u>	<u>\$ 50,799</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 9,964	\$ 9,036
Due to other funds	933	255
Due to other governments	584	475
Unearned revenue	746	1,019
Other liabilities	<u>3,801</u>	<u>3,683</u>
Total liabilities	<u>16,028</u>	<u>14,468</u>
Deferred inflow of resources:		
Unavailable revenue - property taxes	6,352	5,969
Unavailable revenue - property taxes interest	4,889	4,514
Unavailable revenue - special assessments	80	74
Advance property tax collections	<u>3,120</u>	<u>1,900</u>
Total deferred inflow of resources	<u>14,441</u>	<u>12,457</u>
Fund balance:		
Nonspendable	21	21
Committed	1,054	1,033
Assigned for encumbrances	2,959	2,875
Assigned for subsequent year's budget	4,000	5,000
Unassigned	<u>14,814</u>	<u>14,945</u>
Total fund balance	<u>22,848</u>	<u>23,874</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 53,317</u>	<u>\$ 50,799</u>

CITY OF MILFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

Grand List	Uncollected Taxes July 01, 2013	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2014
			Additions	Deductions			Tax	Interest Liens	Total	
2012	\$	\$ 168,390 *	\$ 313	\$ (1,327)	\$ (8)	\$ 167,368	\$ 164,519	\$ 529	\$ 165,048	\$ 2,849
2011	2,360		71	(939)	(30)	1,462	351	272	623	1,111
2010	959		91	(15)	(42)	993	341	104	445	652
2009	636		73	(10)	(42)	657	177	65	242	480
2008	435		26	(5)	(24)	432	48	32	80	384
2007	327				(10)	317	18	17	35	299
2006	292				(3)	289	11	9	20	278
2005	286				(2)	284	6	7	13	278
2004	252				(1)	251	5	7	12	246
2003	228					228	4	7	11	224
2002	193					193	4	7	11	189
2001	184					184	4	7	11	180
2000	168					168	3	2	5	165
1999	179					179	1	2	3	178
1998	152					152		5	5	152
1997	153					-			-	153
Total	\$ <u>6,804</u>	\$ <u>168,390</u>	\$ <u>574</u>	\$ <u>(2,296)</u>	\$ <u>(162)</u>	\$ <u>173,310</u>	165,492	1,072	166,564	\$ <u>7,818</u>
Suspense collections							14		14	
Total collections							165,506	\$ <u>1,072</u>	\$ <u>166,578</u>	
Property taxes receivable considered available:										
June 30, 2013							(251)			
June 30, 2014							328			
Total Property Tax Revenue							\$ <u>165,583</u>			

*Includes motor vehicle supplement in the amount of \$1,379.

CITY OF MILFORD, CONNECTICUT

BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Certified administrative salaries	\$ 4,424	\$ 4,424	\$ -
Certified teachers salaries	44,027	44,027	-
Homebound tutor	137	137	-
Administrative substitute	122	122	-
Summer school	278	278	-
Substitutes - certified salaries	1,122	1,122	-
Curriculum work	225	225	-
Coaches/advisors	646	646	-
Non-certified supervisor salaries	587	587	-
Non-certified staff salaries	1,986	1,986	-
Custodian/maintenance	3,693	3,693	-
Teacher aides hourly	383	383	-
Library aides	263	263	-
Paraprofessionals	3,511	3,511	-
General aide salaries	170	170	-
Overtime salaries	467	467	-
Non-certified clerical	182	182	-
Non-certified professional	1,171	1,171	-
Retirements	990	990	-
Life insurance	493	493	-
Worker's compensation insurance	805	805	-
Social security	701	701	-
Unemployment compensation	80	80	-
Blue Cross/Blue Shield	2,623	2,623	-
Para pension	154	154	-
Education reimbursement	64	64	-
Adult education services	50	50	-
Substitute teaching services	176	176	-
Marine science education	20	20	-
Mental health services	30	30	-
Professional evaluation	49	49	-
Psychotherapy services	36	36	-
Other pupil personnel services	141	141	-
Special education work study	15	15	-
Consultation services	52	52	-
Audit services	3	3	-
Negotiation services	252	252	-
Arch/Eng services	18	18	-

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Security services	\$ 176	\$ 176	\$ -
Contracted services	682	682	-
Management information systems	116	116	-
Electricity	1,006	1,006	-
Heat energy - gas	645	645	-
Water/sewage	100	100	-
Energy conservation services	253	253	-
Contracted maintenance	450	450	-
Repairs to grounds	119	119	-
Repairs to buildings	170	170	-
Repairs to equipment	286	286	-
Preventative maintenance	116	116	-
Building projects	264	264	-
Grounds projects	265	265	-
Gasoline maintenance	59	59	-
Maintenance supplies	298	298	-
Custodial supplies	149	149	-
Transportation regular	2,048	2,048	-
Transportation special education	859	859	-
Transportation special education - public	301	301	-
Transportation special education - private	497	497	-
Transportation - athletics	173	173	-
Transportation - TAG/ECA/AQUA	68	68	-
Transportation - field trips	26	26	-
Gasoline - buses	299	299	-
Transportation - non-public	298	298	-
Transportation - special education aide	141	141	-
Van driver	69	69	-
Property liability insurance	519	519	-
Athletic insurance	30	30	-
Uninsured coverage	59	59	-
Postage	53	53	-
Telephone	199	199	-
Advertising	3	3	-
Printing expense	26	26	-

(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, 2014

(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Tuition - public	\$ 1,109	\$ 1,109	\$ -
Tuition - non-public	1,891	1,891	-
Tuition - ECA program	124	124	-
Tuition - AQUA	74	74	-
Tuition - Vo-Ag	180	180	-
Tuition - gifted students	10	10	-
Travel mileage	50	50	-
Non-instructional supplies	150	150	-
Instructional supplies	857	857	-
Health and medical	14	14	-
Graduation expense	19	19	-
Textbooks	65	65	-
Text adoptions	242	242	-
Library books	108	108	-
Periodicals	31	31	-
Testing expense	102	102	-
A/V materials	4	4	-
Other educational supplies	6	6	-
Computer software	442	442	-
Equipment	559	559	-
Furniture and fixtures	92	92	-
Computers	554	554	-
Lease/purchase	22	22	-
Capital equipment	41	41	-
Dues and fees	76	76	-
Professional development	387	387	-
Student activities	131	131	-
Student athletics	32	32	-
Referees/officials - sports	5	5	-
Athletics - equipment repair	9	9	-
Athletics - supplies	56	56	-
Athletics - equipment	45	45	-
Athletics - game operations	31	31	-
Athletics - uniforms	46	46	-
Miscellaneous - sports	11	11	-
Total	\$ <u>88,543</u>	\$ <u>88,543</u>	\$ <u>-</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service

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

Capital Project Fund

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

CITY OF MILFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014
(In Thousands)

	Special Revenue Funds					
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition
ASSETS						
Cash and cash equivalents	\$ 2	\$ 413	\$ 4,628	\$ 86	\$ 288	\$ 1,035
Accounts receivable			163			
Due from other governments			114			
Due from other funds		1	314			
Inventory						
Total Assets	\$ 2	\$ 414	\$ 5,219	\$ 86	\$ 288	\$ 1,035
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$ 8	\$ 1,012	\$ 3	\$	\$
Due to other funds		10	170			
Unearned revenue			8			
Bond anticipation notes payable						
Total liabilities	-	18	1,190	3	-	-
Fund balances:						
Nonspendable						
Restricted			3,598			
Committed	2	396	431	49	288	1,035
Assigned				34		
Unassigned						
Total Liabilities and Fund Balances	\$ 2	\$ 414	\$ 5,219	\$ 86	\$ 288	\$ 1,035

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

(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
ASSETS						
Cash and cash equivalents	\$ 247	\$ 554	\$ 761	\$ 15	\$ 102	\$ 101
Accounts receivable						
Due from other governments			124			
Due from other funds						
Inventory			45			
Total Assets	<u>\$ 247</u>	<u>\$ 554</u>	<u>\$ 930</u>	<u>\$ 15</u>	<u>\$ 102</u>	<u>\$ 101</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$ 334	\$ 34	\$	\$	\$
Due to other funds						
Unearned revenue						
Bond anticipation notes payable						
Total liabilities	<u>-</u>	<u>334</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable			45			
Restricted	247					
Committed		220	799	15	102	101
Assigned			52			
Unassigned						
Total Liabilities and Fund Balances	<u>\$ 247</u>	<u>\$ 554</u>	<u>\$ 930</u>	<u>\$ 15</u>	<u>\$ 102</u>	<u>\$ 101</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2014
(In Thousands)

	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>	
	<u>Barth Conservation</u>	<u>Total</u>	<u>Debt Service</u>	<u>School Renovations</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 37	\$ 8,269	\$ 3,985	\$ 9	\$ 12,263
Accounts receivable		163			163
Due from other governments		238			238
Due from other funds		315	3		318
Inventory		45			45
	<u>37</u>	<u>9,030</u>	<u>3,988</u>	<u>9</u>	<u>13,027</u>
Total Assets	\$ <u>37</u>	\$ <u>9,030</u>	\$ <u>3,988</u>	\$ <u>9</u>	\$ <u>13,027</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$	\$ 1,391	\$	\$	\$ 1,391
Due to other funds		180		10	190
Unearned revenue		8			8
Bond anticipation notes payable		-		200	200
Total liabilities	<u>-</u>	<u>1,579</u>	<u>-</u>	<u>210</u>	<u>1,789</u>
Fund balances:					
Nonspendable		45			45
Restricted		3,845			3,845
Committed	37	3,475	3,988		7,463
Assigned		86			86
Unassigned		-		(201)	(201)
	<u>37</u>	<u>7,451</u>	<u>3,988</u>	<u>(201)</u>	<u>11,238</u>
Total Liabilities and Fund Balances	\$ <u>37</u>	\$ <u>9,030</u>	\$ <u>3,988</u>	\$ <u>9</u>	\$ <u>13,027</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

70

	Special Revenue Funds					
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition
Revenues:						
Intergovernmental	\$	\$ 594	\$ 1,758	\$ 291	\$	\$
Charges for services		12	2,355	124	99	
Investment income						1
Other revenues		12	883			842
Total revenues	-	618	4,996	415	99	843
Expenditures:						
Current:						
General Government			404	383		
Public safety			2,251			
Public services			227		38	
Education			1,081			635
Health and welfare		1,121	967			
Total expenditures	-	1,121	4,930	383	38	635
Excess (deficiency) of revenues over expenditures	-	(503)	66	32	61	208
Other financing sources:						
Proceeds from bond sale						
Transfers in		490	310			
Transfers out			(50)			
Total other financing sources	-	490	260	-	-	-
Net change in fund balances	-	(13)	326	32	61	208
Fund Balances at Beginning of Year	2	409	3,703	51	227	827
Fund Balances at End of Year	\$ 2	\$ 396	\$ 4,029	\$ 83	\$ 288	\$ 1,035

(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, 2014

(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
Revenues:					
Intergovernmental	\$	\$ 3,206	\$ 1,035	\$	\$
Charges for services			1,607		
Investment income					1
Other revenues	100				2
Total revenues	<u>100</u>	<u>3,206</u>	<u>2,642</u>	<u>-</u>	<u>3</u>
Expenditures:					
Current:					
General Government					
Public safety					
Public services					
Education	96	3,229	2,620	3	
Health and welfare					
Total expenditures	<u>96</u>	<u>3,229</u>	<u>2,620</u>	<u>3</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4</u>	<u>(23)</u>	<u>22</u>	<u>(3)</u>	<u>3</u>
Other financing sources:					
Proceeds from bond sale					
Transfers in					
Transfers out					
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4	(23)	22	(3)	3
Fund Balances at Beginning of Year	<u>243</u>	<u>243</u>	<u>874</u>	<u>18</u>	<u>102</u>
Fund Balances at End of Year	<u>\$ 247</u>	<u>\$ 220</u>	<u>\$ 896</u>	<u>\$ 15</u>	<u>\$ 101</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, 2014
(In Thousands)**

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Barth Conservation</u>	<u>Total</u>	<u>Debt Service</u>	<u>School Renovations</u>	
Revenues:					
Intergovernmental	\$	\$ 6,884	\$	\$	\$ 6,884
Charges for services		4,197	70		4,267
Investment income		2			2
Other revenues		1,839	51		1,890
Total revenues	<u>-</u>	<u>12,922</u>	<u>121</u>	<u>-</u>	<u>13,043</u>
Expenditures:					
Current:					
General Government		787			787
Public safety		2,251			2,251
Public services		265	282		547
Education		7,664		210	7,874
Health and welfare		2,088			2,088
Total expenditures	<u>-</u>	<u>13,055</u>	<u>282</u>	<u>210</u>	<u>13,547</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(133)</u>	<u>(161)</u>	<u>(210)</u>	<u>(504)</u>
Other financing sources:					
Proceeds from bond sale		-		206	206
Transfers in		800			800
Transfers out		(50)			(50)
Total other financing sources	<u>-</u>	<u>750</u>	<u>-</u>	<u>206</u>	<u>956</u>
Net change in fund balances	<u>-</u>	<u>617</u>	<u>(161)</u>	<u>(4)</u>	<u>452</u>
Fund Balances at Beginning of Year	<u>37</u>	<u>6,834</u>	<u>4,149</u>	<u>(197)</u>	<u>10,786</u>
Fund Balances at End of Year	<u>\$ 37</u>	<u>\$ 7,451</u>	<u>\$ 3,988</u>	<u>\$ (201)</u>	<u>\$ 11,238</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDSJUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013
(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2014	2013
Assets:					
Cash and cash equivalents	\$ 7,842	\$ 3,811	\$ 2,889	\$ 14,542	\$ 12,580
Accounts receivable	886		2	888	559
Due from other funds	70	14	1	85	127
Total assets	<u>8,798</u>	<u>3,825</u>	<u>2,892</u>	<u>15,515</u>	<u>13,266</u>
Liabilities:					
Accounts payable and accrued liabilities	444	2	11	457	410
Accrued claims	2,000	2,198	213	4,411	4,010
Total liabilities	<u>2,444</u>	<u>2,200</u>	<u>224</u>	<u>4,868</u>	<u>4,420</u>
Net Position:					
Unrestricted	<u>6,354</u>	<u>1,625</u>	<u>2,668</u>	<u>10,647</u>	<u>8,846</u>
Total Net Position	<u>\$ 6,354</u>	<u>\$ 1,625</u>	<u>\$ 2,668</u>	<u>\$ 10,647</u>	<u>\$ 8,846</u>

CITY OF MILFORD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013
(In Thousands)**

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2014	2013
Operating revenues:					
Employer contributions	\$ 30,996	\$ 685	\$ 1,934	\$ 33,615	\$ 32,210
Charges for services	5,913			5,913	5,412
Other		219	68	287	459
Total operating revenues	<u>36,909</u>	<u>904</u>	<u>2,002</u>	<u>39,815</u>	<u>38,081</u>
Operating expenses:					
Insurance premiums and claims expense	<u>35,551</u>	<u>1,185</u>	<u>1,279</u>	<u>38,015</u>	<u>36,839</u>
Operating income (loss)	1,358	(281)	723	1,800	1,242
Nonoperating revenue:					
Interest income	<u>1</u>			<u>1</u>	<u>1</u>
Net income (loss)	1,359	(281)	723	1,801	1,243
Net Position, Beginning of Year	<u>4,995</u>	<u>1,906</u>	<u>1,945</u>	<u>8,846</u>	<u>7,603</u>
Net Position, End of Year	<u>\$ 6,354</u>	<u>\$ 1,625</u>	<u>\$ 2,668</u>	<u>\$ 10,647</u>	<u>\$ 8,846</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2014	2013
Cash flows from operating activities:					
Cash received from contributions and charges for services	\$ 36,600	\$ 904	\$ 2,024	\$ 39,528	\$ 38,272
Cash payments for claims paid	(35,251)	(1,027)	(1,289)	(37,567)	(37,019)
Net cash provided by (used in) operating activities	<u>1,349</u>	<u>(123)</u>	<u>735</u>	<u>1,961</u>	<u>1,253</u>
Cash flows from investing activities:					
Interest and dividends received	<u>1</u>	<u></u>	<u></u>	<u>1</u>	<u>1</u>
Net increase (decrease) in cash and cash equivalents	1,350	(123)	735	1,962	1,254
Cash and cash equivalents, beginning of year	<u>6,492</u>	<u>3,934</u>	<u>2,154</u>	<u>12,580</u>	<u>11,326</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,842</u>	<u>\$ 3,811</u>	<u>\$ 2,889</u>	<u>\$ 14,542</u>	<u>\$ 12,580</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,358	\$ (281)	\$ 723	\$ 1,800	\$ 1,242
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Decrease) increase in accounts payable and accrued liabilities	300	158	(10)	448	(180)
(Increase) decrease in due from other funds	43			43	92
(Increase) decrease in accounts receivable	<u>(352)</u>	<u></u>	<u>22</u>	<u>(330)</u>	<u>99</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,349</u>	<u>\$ (123)</u>	<u>\$ 735</u>	<u>\$ 1,961</u>	<u>\$ 1,253</u>

Fiduciary Funds

AGENCY FUNDS

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

CITY OF MILFORD, CONNECTICUT

COMBINING BALANCE SHEET
AGENCY FUNDS

JUNE 30, 2014

(In Thousands)

	<u>Student Activities</u>	<u>Inland/ Wetland Bonds</u>	<u>Planning and Zoning Bonds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 922	\$ 237	\$ 500	\$ 1,659
Investments	<u>123</u>	<u></u>	<u></u>	<u>123</u>
Total Assets	<u>\$ 1,045</u>	<u>\$ 237</u>	<u>\$ 500</u>	<u>\$ 1,782</u>
Liabilities:				
Due to employees, students and others	<u>\$ 1,045</u>	<u>\$ 237</u>	<u>\$ 500</u>	<u>\$ 1,782</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 607	\$ 1,606	\$ 1,291	\$ 922
Investments	<u>127</u>	<u>3</u>	<u>7</u>	<u>123</u>
Total Assets	<u>\$ 734</u>	<u>\$ 1,609</u>	<u>\$ 1,298</u>	<u>\$ 1,045</u>
Liabilities:				
Due to employees, students and others	<u>\$ 734</u>	<u>\$ 1,609</u>	<u>\$ 1,298</u>	<u>\$ 1,045</u>
Inland/Wetland Bonds				
Assets:				
Cash and cash equivalents	<u>\$ 202</u>	<u>\$ 35</u>	<u>\$</u>	<u>\$ 237</u>
Liabilities:				
Due to employees, students and others	<u>\$ 202</u>	<u>\$ 35</u>	<u>\$</u>	<u>\$ 237</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Planning and Zoning Bonds				
Assets:				
Cash and cash equivalents	\$ <u>557</u>	\$ <u> </u>	\$ <u>57</u>	\$ <u>500</u>
Liabilities:				
Due to employees, students and others	\$ <u>557</u>	\$ <u>-</u>	\$ <u>57</u>	\$ <u>500</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 1,366	\$ 1,641	\$ 1,348	\$ 1,659
Investments	<u>127</u>	<u>3</u>	<u>7</u>	<u>123</u>
Total Assets	\$ <u>1,493</u>	\$ <u>1,644</u>	\$ <u>1,355</u>	\$ <u>1,782</u>
Liabilities:				
Due to employees and others	\$ <u>1,493</u>	\$ <u>1,644</u>	\$ <u>1,355</u>	\$ <u>1,782</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TABLE 1

CITY OF MILFORD, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net investments in capital assets	\$ 166,869	\$ 153,422	\$ 145,526	\$ 132,115	\$ 143,992	\$ 135,747	\$ 141,359	\$ 113,217	\$ 103,736	\$ 107,364
Restricted	255	255	252	250	259	260	151	173	268	254
Unrestricted	(72,319)	(48,924)	(36,260)	(15,240)	(15,090)	5,254	7,084	31,938	32,553	22,969
Total Governmental Activities Net Position	<u>94,805</u>	<u>104,753</u>	<u>109,518</u>	<u>117,125</u>	<u>129,161</u>	<u>141,261</u>	<u>148,594</u>	<u>145,328</u>	<u>136,557</u>	<u>130,587</u>
Business-type activities:										
Investments in capital assets	3,126	3,163	3,200	3,238	3,284	3,341	3,398	3,456	3,469	3,430
Unrestricted	513	708	642	653	605	642	688	550	493	516
Total Business-Type Net Position	<u>3,639</u>	<u>3,871</u>	<u>3,842</u>	<u>3,891</u>	<u>3,889</u>	<u>3,983</u>	<u>4,086</u>	<u>4,006</u>	<u>3,962</u>	<u>3,946</u>
Primary government:										
Net investments in capital assets	169,995	156,585	148,726	135,353	147,276	139,088	144,757	116,673	107,205	110,794
Restricted	255	255	252	250	259	260	151	173	268	254
Unrestricted	(71,806)	(48,216)	(35,618)	(14,767)	(14,485)	5,896	7,772	32,488	33,046	23,485
Total Primary Government Net Position	<u>\$ 98,444</u>	<u>\$ 108,624</u>	<u>\$ 113,360</u>	<u>\$ 120,836</u>	<u>\$ 133,050</u>	<u>\$ 145,244</u>	<u>\$ 152,680</u>	<u>\$ 149,334</u>	<u>\$ 140,519</u>	<u>\$ 134,533</u>

NOTES:

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

TABLE 2

CITY OF MILFORD, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
General government	\$ 9,770	\$ 8,068	\$ 11,142	\$ 10,844	\$ 7,542	\$ 7,796	\$ 5,609	\$ 4,829	\$ 4,907	\$ 4,490
Administration	3,803	4,018	4,147	3,769	3,625	3,677	3,811	2,672	2,451	2,320
Public safety	38,410	41,506	38,471	37,014	35,817	36,067	35,298	23,369	21,463	20,374
Public services	27,538	25,314	27,673	27,911	31,252	29,066	30,445	19,984	20,157	22,173
Education	142,617	138,265	132,771	131,342	124,894	123,520	139,957	101,920	99,813	90,920
Health and welfare	5,503	5,728	5,929	5,906	5,313	5,709	6,149	3,530	3,458	5,110
General charges *								15,406	13,734	14,642
Grants to agencies	9,072	4,051	3,889	3,938	3,656	3,735	2,507	2,552	2,487	
Interest on long-term debt	2,711	2,703	2,085	1,972	3,226	3,471	3,665	3,486	2,901	2,961
Total governmental activities expenses	239,424	229,653	226,106	222,696	215,325	213,041	227,441	177,748	171,371	162,990
Business-type activities:										
Milford Golf Course	64	69	88	68	115	92	78	67	68	49
Harbor Management	242	230	287	307	335	420	285	379	346	320
Total business-type activities expenses	306	299	375	375	450	512	363	446	414	369
Total primary government expenses	239,730	229,952	226,481	223,071	215,775	213,553	227,804	178,194	171,785	163,359
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,125	1,562	977	1,131	1,178	1,234	1,462	4,431	5,544	4,461
Public service	1,627	1,639	802	61	1,385	1,378	2,127	2,285	3,066	2,128
Education	1,627	1,702	2,705	2,754	2,682	2,679	2,674	2,759	2,601	2,345
Other	3,374	3,410	2,766	2,616	2,006	1,188	1,042	1,284	230	250
Operating grants and contributions	36,980	29,867	29,730	27,489	28,258	27,647	52,237	20,746	22,935	19,623
Capital grants and contributions	115	1,753	3,426		454	4,081	6,803	2,768	1,352	1,713
Total governmental activities program revenues	44,848	39,933	40,406	34,051	35,963	38,207	66,345	34,273	35,728	30,520
Business-type activities:										
Charges for services:										
Golf fees	84	80	74	73	70	70	70	70	64	70
Harbor fees	249	252	267	252	249	258	280	273	269	283
Operating grants and contributions				60	38	74	74	74	74	74
Total business-type activities program revenues	333	332	341	385	357	402	424	417	407	427
Total primary government program revenues	45,181	40,265	40,747	34,436	36,320	38,609	66,769	34,690	36,135	30,947

(Continued on next page)

TABLE 2

CITY OF MILFORD, CONNECTICUT

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense) revenue:										
Governmental activities	\$ (194,576)	\$ (189,720)	\$ (185,700)	\$ (188,645)	\$ (179,362)	\$ (174,834)	\$ (161,096)	\$ (143,475)	\$ (135,643)	\$ (132,470)
Business-type activities	27	33	(34)	10	(93)	(110)	61	(29)	(7)	58
Total primary government net expense	<u>(194,549)</u>	<u>(189,687)</u>	<u>(185,734)</u>	<u>(188,635)</u>	<u>(179,455)</u>	<u>(174,944)</u>	<u>(161,035)</u>	<u>(143,504)</u>	<u>(135,650)</u>	<u>(132,412)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	174,885	170,870	161,252	160,134	152,330	152,856	149,025	137,726	129,146	130,550
Grants and contributions not restricted to specific programs	8,693	11,327	14,103	13,665	13,040	10,612	11,357	10,055	8,285	4,629
Unrestricted investment earnings	72	1,735	1,600	1,716	1,080	689	2,471	3,020	2,047	901
Other general revenues	718	926	1,301	905	809	3,344	1,509	1,445	385	137
Transfers in	260	4	17	9	3					
Gain on sale of capital assets		93							1,750	
Special items										
Total governmental activities	<u>184,628</u>	<u>184,955</u>	<u>178,273</u>	<u>176,429</u>	<u>167,262</u>	<u>167,501</u>	<u>164,362</u>	<u>152,246</u>	<u>141,613</u>	<u>136,217</u>
Business-type activities:										
Unrestricted investment earnings	1		2	1	2	7	19	26	23	11
Transfers out	(260)	(4)	(17)	(9)	(3)					
Contributed assets								47		
Total business-type activities	<u>(259)</u>	<u>(4)</u>	<u>(15)</u>	<u>(8)</u>	<u>(1)</u>	<u>7</u>	<u>19</u>	<u>73</u>	<u>23</u>	<u>11</u>
Total primary government	<u>184,369</u>	<u>184,951</u>	<u>178,258</u>	<u>176,421</u>	<u>167,261</u>	<u>167,508</u>	<u>164,381</u>	<u>152,319</u>	<u>141,636</u>	<u>136,228</u>
Change in Net Position:										
Governmental activities	(9,948)	(4,765)	(7,427)	(12,216)	(12,100)	(7,333)	3,266	8,771	5,970	3,747
Business-type activities	<u>(232)</u>	<u>29</u>	<u>(49)</u>	<u>2</u>	<u>(94)</u>	<u>(103)</u>	<u>80</u>	<u>44</u>	<u>16</u>	<u>69</u>
Total Primary Government	<u>\$ (10,180)</u>	<u>\$ (4,736)</u>	<u>\$ (7,476)</u>	<u>\$ (12,214)</u>	<u>\$ (12,194)</u>	<u>\$ (7,436)</u>	<u>\$ 3,346</u>	<u>\$ 8,815</u>	<u>\$ 5,986</u>	<u>\$ 3,816</u>

Notes:

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

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

TABLE 3

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

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$	\$	\$	\$	\$ 3,341	\$ 3,176	\$ 2,633	\$ 1,911	\$ 1,348	\$ 1,651
Unreserved					14,462	16,070	15,955	13,929	14,298	13,340
Nonspendable	21	21	21	438						
Committed	1,054	1,033	1,212	2,699						
Assigned	6,959	7,875	4,198	7,545						
Unassigned	14,814	14,945	15,638	12,841						
Total General Fund	\$ 22,848	\$ 23,874	\$ 21,069	\$ 23,523	\$ 17,803	\$ 19,246	\$ 18,588	\$ 15,840	\$ 15,646	\$ 14,991
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$ 19,801	\$ 10,860	\$ 31,059	\$ 51,429	\$ 13,479	\$ 6,725
Unreserved, reported in:										
Special revenue funds					7,174	6,485	6,584	6,055	6,433	4,692
Debt service funds					4,387	5,554	4,490	3,511	2,635	1,856
Capital projects funds					(19,566)	(61,979)	(73,655)	(64,055)	(34,618)	(26,552)
Nonspendable	71	84	77	23						
Restricted	3,845	3,802	3,364	2,090						
Committed	19,068	28,863	18,297	28,103						
Assigned	86	4,165	3,802							
Unassigned	(24,557)	(35,789)	(31,896)	(33,171)						
Total All Other Governmental Funds	\$ (1,487)	\$ 1,125	\$ (6,356)	\$ (2,955)	\$ 11,796	\$ (39,080)	\$ (31,522)	\$ (3,060)	\$ (12,071)	\$ (13,279)

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

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Property taxes and assessments	\$ 173,069	\$ 171,708	\$ 162,014	\$ 159,555	\$ 151,428	\$ 151,760	\$ 147,515	\$ 136,715	\$ 127,833	\$ 129,672
Fines, forfeitures, penalties and interest	1,058	1,632	1,487	1,654	993	1,072	1,091	1,011	982	1,365
Intergovernmental	39,265	37,519	41,805	33,206	36,907	37,949	65,565	29,908	28,304	26,155
Charges for services	6,737	7,310	6,079	6,925	7,609	6,720	7,220	8,614	8,166	6,938
Investment income	117	149	113	174	231	689	2,865	3,692	2,819	1,138
Other	8,503	7,615	8,458	9,133	6,117	6,546	6,032	6,600	5,963	2,148
Total revenues	<u>228,749</u>	<u>225,933</u>	<u>219,956</u>	<u>210,647</u>	<u>203,285</u>	<u>204,736</u>	<u>230,288</u>	<u>186,540</u>	<u>174,067</u>	<u>167,416</u>
Expenditures:										
General government	4,672	4,827	7,304	7,084	4,981	4,591	4,268	4,483	4,421	4,214
Administration	2,529	2,492	2,435	2,462	2,397	2,404	2,422	2,341	2,206	2,113
Public safety	25,937	25,129	24,562	24,317	23,712	23,555	22,588	21,910	20,435	19,335
Public services	12,238	12,235	17,591	17,901	19,949	17,991	17,170	17,353	16,452	16,166
Education	130,942	126,127	122,074	118,811	115,871	113,944	135,532	101,972	97,376	89,731
Health and welfare	3,733	3,687	3,930	3,864	3,554	3,747	3,827	3,332	3,242	3,085
General charges	21,961	19,324	21,295	15,453	15,948	16,619	18,594	15,406	13,734	14,203
Other	2,642	2,640	2,626	2,646	2,504	2,561	2,500	2,484	2,437	2,300
Capital outlay	31,345	30,914	31,606	25,528	14,423	30,745	46,475	23,602	12,329	27,292
Debt service - principal	8,825	8,373	8,831	7,562	6,745					
Debt service - interest	3,823	3,566	3,182	3,364	3,303					
Debt service*						9,001	9,246	9,238	9,032	8,714
Total expenditures	<u>248,647</u>	<u>239,314</u>	<u>245,436</u>	<u>228,992</u>	<u>213,387</u>	<u>225,158</u>	<u>262,622</u>	<u>202,121</u>	<u>181,664</u>	<u>187,153</u>
Excess of Revenue Under Expenditures	<u>(19,898)</u>	<u>(13,381)</u>	<u>(25,480)</u>	<u>(18,345)</u>	<u>(10,102)</u>	<u>(20,422)</u>	<u>(32,334)</u>	<u>(15,581)</u>	<u>(7,597)</u>	<u>(19,737)</u>
Other Financing Sources (Uses):										
Lease principal receipts										479
Issuance of bonds	16,000	23,405	15,329	13,240	59,246	13,500	6,620	7,100	7,710	4,900
Capital leases								208		
Issuance of refunding bonds		14,045	8,765		16,087					
Payment to refunded bond escrow agent		(15,469)	(9,332)		(15,899)					
Premium on issuance of debt		1,566	692							
Sale of capital assets		116	11		98	22		14,969	1,750	90
Transfers in	3,293	2,968	4,121	2,998	2,333	3,332	3,163	3,410	1,895	2,482
Transfers out	(3,033)	(2,964)	(4,198)	(2,687)	(2,330)	(3,332)	(3,163)	(3,310)	(1,895)	(2,482)
Total other financing sources	<u>16,260</u>	<u>23,667</u>	<u>15,388</u>	<u>13,551</u>	<u>59,535</u>	<u>13,522</u>	<u>6,620</u>	<u>22,377</u>	<u>9,460</u>	<u>5,469</u>
Net Change in Fund Balances	<u>\$ (3,638)</u>	<u>\$ 10,286</u>	<u>\$ (10,092)</u>	<u>\$ (4,794)</u>	<u>\$ 49,433</u>	<u>\$ (6,900)</u>	<u>\$ (25,714)</u>	<u>\$ 6,796</u>	<u>\$ 1,863</u>	<u>\$ (14,268)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.8%</u>	<u>5.7%</u>	<u>5.6%</u>	<u>5.37%</u>	<u>5.05%</u>	<u>4.63%</u>	<u>4.28%</u>	<u>5.17%</u>	<u>5.33%</u>	<u>5.45%</u>

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

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

TABLE 5

CITY OF MILFORD, CONNECTICUT

EIGHT YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET
FISCAL YEAR 2007-2014
(In Thousands)

	<u>Adopted Budget</u> <u>2014-2015</u>	<u>Actual</u> <u>6/30/2014</u>	<u>Actual</u> <u>6/30/2013</u>	<u>Actual</u> <u>6/30/2012</u>	<u>Actual</u> <u>6/30/2011</u>	<u>Actual</u> <u>6/30/2010</u>	<u>Actual</u> <u>6/30/2009</u>	<u>Actual</u> <u>6/30/2008</u>	<u>Actual</u> <u>6/30/2007</u>
Revenues:									
Property taxes and assessments	\$ 170,456	\$ 165,899	\$ 164,236	\$ 155,213	\$ 153,080	\$ 146,157	\$ 146,819	\$ 142,244	\$ 131,265
Intergovernmental revenue	14,275	27,759	26,789	26,930	22,384	22,212	24,521	16,492	21,200
Fines, forfeitures, penalties and interest	1,200	1,058	1,632	1,487	1,654	993	1,072	1,091	1,011
Investment income	59	75	64	62	113	152	467	1,994	2,808
Other	12,347	8,236	8,236	8,907	9,215	6,129	6,633	7,411	8,542
Total revenues	<u>198,337</u>	<u>203,027</u>	<u>200,957</u>	<u>192,599</u>	<u>186,446</u>	<u>175,643</u>	<u>179,512</u>	<u>169,232</u>	<u>164,826</u>
Expenditures:									
General government	4,216	3,885	3,894	3,869	3,968	3,419	3,322	3,348	3,238
Administration	2,632	2,529	2,492	2,435	2,462	2,397	2,404	2,417	2,338
Public safety	25,057	23,686	23,142	22,837	22,654	22,448	22,427	21,396	20,813
Public services	12,181	11,691	11,527	11,455	11,696	11,401	11,825	11,382	11,414
Education	110,876	123,068	119,070	114,635	109,306	106,657	106,963	95,534	95,431
Health and welfare	1,748	1,645	1,576	1,656	1,695	1,629	1,649	1,644	1,601
General charges	24,163	21,961	19,324	21,295	15,453	15,948	16,619	18,594	15,406
Grants to agencies	3,131	2,642	2,640	2,626	2,646	2,504	2,561	2,500	2,484
Debt service	14,333	12,648	11,939	12,013	10,926	10,048	9,001	9,142	9,117
Total expenditures	<u>198,337</u>	<u>203,755</u>	<u>195,604</u>	<u>192,821</u>	<u>180,806</u>	<u>176,451</u>	<u>176,771</u>	<u>165,957</u>	<u>161,842</u>
Excess of revenues over (under) expenditures	\$ <u>-</u>	<u>(728)</u>	<u>5,353</u>	<u>(222)</u>	<u>5,640</u>	<u>(808)</u>	<u>2,741</u>	<u>3,275</u>	<u>2,984</u>
Other financing sources (uses):									
Lease principal payments		-	14045	8765		15,470			
Issuance of refunding bonds		-	(15,469)	(9,332)		(15,899)			
Payment to refunded bond escrow agent		-	1566	692		617			
Premium on issuance of debt		-	116	11		98	22		10
Sale of capital assets		1,327	21	596	456	545		1000	149
Transfers in		(1,625)	(2,827)	(2,964)	(2,002)	(1,466)	(2,105)	(1,530)	(2,949)
Transfers out		(298)	(2,548)	(2,232)	(1,546)	(635)	(2,083)	(530)	(2,790)
Net other financing uses									
Net change in fund balances		(1,026)	2,805	(2,454)	4,094	(1,443)	658	2,745	194
Fund equity, beginning year, as restated*		23,874	21,069	23,523	19,429	* 19,246	18,588	15,840	15,646
Residual equity transfer								3	
Fund Equity, End of Year	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	\$ <u>15,840</u>	\$ <u>15,840</u>
Reserve for encumbrances	\$	\$	\$	\$	\$ 3,319	\$ 3,154	\$ 2,612	\$ 1,869	
Reserved for other purposes					22	22	21	42	
Reserve for subsequent years					2,000	3,750	1,750	2,500	
Unreserved - undesignated					12,462	12,320	14,205	11,429	
Nonspendable		21	21	21	438				
Committed		1,054	1,033	1,212	2,699				
Assigned		6,959	7,875	4,198	7,545				
Unassigned		<u>14,814</u>	<u>14,945</u>	<u>15,638</u>	<u>12,841</u>				
Fund Equity	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	\$ <u>15,840</u>	

TABLE 6

CITY OF MILFORD, CONNECTICUT

CAPITAL IMPROVEMENT PROGRAM
2014-2018

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019*</u>	<u>Total</u>
Proposed Projects:						
Education	\$ 10,700	\$ 11,415	\$ 11,450	\$ 11,940	\$	\$ 45,505
Sewers	13,959	5,640	10,080	9,480		39,159
Fire	350		600			950
Police	1,503		13,473			14,976
Roads/Drainage	1,050	1,050	1,050	1,050		4,200
Bridges		500				500
Buildings		50	210			260
Erosion/Flood control	1,135	13,000				14,135
Recreation	425			125		550
Total	<u>\$ 29,122</u>	<u>\$ 31,655</u>	<u>\$ 36,863</u>	<u>\$ 22,595</u>	<u>\$ -</u>	<u>\$ 120,235</u>
Proposed Funding:						
Bonds	\$ 24,185	\$ 16,518	\$ 30,713	\$ 18,811	\$	\$ 90,227
Grants	4,552	15,037	6,100	3,734		29,423
Pay-As-You-Go	385	100	50	50		585
Total	<u>\$ 29,122</u>	<u>\$ 31,655</u>	<u>\$ 36,863</u>	<u>\$ 22,595</u>	<u>\$ -</u>	<u>\$ 120,235</u>

* not available

TABLE 7

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								
2014	2012	\$ 4,478,145	\$ 1,288,844	\$	\$ 449,793	\$ 367,147	\$ 6,583,929	\$ 165,694	\$ 6,418,235	28.26	\$ 9,168,907	70.00%
2013	2011	4,466,059	1,286,915		445,512	364,064	6,562,550	162,699	6,399,851	25.60	9,142,646	51.14%
2012	2010	5,406,408	1,371,087		435,189	342,792	7,555,476	2,145,408	5,410,068	28.89	10,578,868	51.22%
2011	2009	5,463,457	1,374,411		378,586	327,437	7,543,891	2,112,969	5,430,922	28.44	10,603,075	50.99%
2010	2008	5,379,222	1,388,800		401,345	326,530	7,495,897	2,118,534	5,377,363	27.50	10,546,040	50.71%
2009	2007	5,336,006	1,388,827		294,183	348,799	7,367,815	2,116,168	5,251,647	28.23	10,356,372	44.76%
2008	2006	5,339,250	1,276,658		260,998	343,142	7,220,048	2,747,502	4,472,546	31.77	9,992,784	70.00%
2007	2005	2,540,824	758,974		267,984	340,267	3,908,049	93,272	3,814,777	34.36	5,449,681	70.00%
2006	2004	2,761,259	663,526		375,037	321,460	4,121,282	121,285	3,999,997	32.18	5,714,281	70.00%
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%

Notes:

(1) Does not include supplemental motor vehicles.

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

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

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

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

TABLE 8

CITY OF MILFORD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

FY 2014 and FY2005
(In Thousands)

Taxpayers	Nature of Business	2014			2005		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Milford Power Company LLC	Utility	\$			\$ 183,073	1	4.60%
Connecticut Post Limited Partnership	Regional Shopping Mall	148,237	1	2.31%	81,089	2	2.04%
Connecticut Light and Power Company	Utility	113,107	2	1.76%			
Milford Crossing Investors LLC	Retail	68,599	3	1.07%			
Smith Craft Real Estate, ETALS	Real Estate Developer	64,202	4	1.00%	35,939	5	0.90%
Crown Milford, LLC	Office Park	34,249	5	0.53%	27,325	8	0.69%
JP Construction Company/Avalon Bay	Apartment	28,201	6	0.44%			
D'Amato Investments, LLC	Real Estate Development	24,205	7	0.38%	30,691	6	0.77%
Schick Manufacturing Inc.	Manufacturer - Razors	22,719	8	0.35%	30,611	7	0.77%
Devon Power(1)	Utility	20,078	9	0.31%	50,434	4	1.27%
Keystone Milford LLC	Retail (Stop & Shop)	17,582	10	0.27%			
Bic Corporation	Manufacturer - Pens, Razors				53,930	3	1.36%
Southern Connecticut Gas Company	Utility				15,635	9	0.39%
F440 Wheeler Farms Road LLC	Office Park				12,270	10	0.31%
TOTAL		\$ 541,179		8.54%	\$ 520,997		13.10%

Source: City of Milford, Office of Tax Assessor

TABLE 9

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(6/30/14)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	26.28	\$ 168,390	\$ 164,519	97.70%	\$ N/A	\$ 164,519	97.70%
2013	25.60	163,674	160,911	98.31%	351	161,262	98.31%
2012	28.89	156,123	153,158	98.10%	2,204	155,362	97.76%
2011	28.44	154,259	150,811	97.76%	2,297	153,108	99.04%
2010	28.23	146,895	144,148	98.13%	1,730	145,878	99.40%
2009	28.23	148,604	145,060	97.62%	2,905	147,965	99.55%
2008	31.77	142,432	140,289	98.50%	1,649	141,938	99.64%
2007	34.36	130,409	129,553	99.34%	443	129,996	99.73%
2006	32.18	122,782	120,875	98.45	1,595	122,470	99.78%
2005	31.34	124,490	122,359	98.28	1,862	124,221	99.80%

Source: Tax Collector's Report: Comprehensive annual financial report

CITY OF MILFORD, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

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

Fiscal Year	Governmental Activities		Long-Term Notes Payable	Capital Leases	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds					
2014	\$ 120,866	\$ 35,400	\$		2.20	\$ 2,673
2013	111,570	37,460			2.08	2,115
2012	96,615	39,488			1.79	1,833
2011	89,100	41,476		44	1.64	1,594
2010	82,985	43,426		44	1.54	1,484
2009	74,220	2,062		84	1.42	1,419
2008	66,905	2,174		124	1.50	1,214
2007	66,500	2,284		162	1.74	1,214
2006	65,605	78			1.64	1,254
2005	64,105	85			1.60	1,226

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, 2014
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2014					\$	166,578
Reimbursement for revenue loss on:						
Tax relief for the elderly						-
Base					\$	<u>166,578</u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Bonds
Debt Limitation:						
2-1/4 times base	\$	374,801	\$		\$	
4-1/2 times base			749,601			
3-3/4 times base				624,668		
3-1/4 times base					541,379	
3 times base						499,734
Total debt limitation		<u>374,801</u>	<u>749,601</u>	<u>624,668</u>	<u>541,379</u>	<u>499,734</u>
Indebtedness:						
Bonds payable		40,465	37,678	41,347		
Notes payable		3,615	15,330	2,581		
CWF project loan obligation				35,400		
Authorized, unissued debt		21,863	9,053	14,635		
Less school construction grants			(746)			
Total indebtedness		<u>65,943</u>	<u>61,315</u>	<u>93,963</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt						
	\$	<u>308,858</u>	\$	<u>688,286</u>	\$	<u>541,379</u>
				<u>530,705</u>		<u>499,734</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,166,046).

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

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 1,166,046	\$ 1,162,238	\$ 1,097,880	\$ 1,081,668	\$ 1,029,147	\$ 1,035,573	\$ 998,970	\$ 924,329	\$ 863,436	\$ 881,447
Total net debt applicable to limit	<u>221,221</u>	<u>214,742</u>	<u>185,100</u>	<u>201,730</u>	<u>188,550</u>	<u>175,948</u>	<u>183,701</u>	<u>174,476</u>	<u>156,738</u>	<u>156,568</u>
Legal Debt Margin	<u>\$ 944,825</u>	<u>\$ 947,496</u>	<u>\$ 912,780</u>	<u>\$ 879,938</u>	<u>\$ 840,597</u>	<u>\$ 859,625</u>	<u>\$ 815,269</u>	<u>\$ 749,853</u>	<u>\$ 706,698</u>	<u>\$ 724,879</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>18.97%</u>	<u>18.48%</u>	<u>16.86%</u>	<u>18.65%</u>	<u>18.32%</u>	<u>16.99%</u>	<u>18.39%</u>	<u>18.88%</u>	<u>18.15%</u>	<u>17.76%</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, 2014

Long-term bonded (1)	
Bonds:	
Public Improvement	\$ 41,841
Schools	37,678
Sewers	41,347
Clean Water	<u>35,400</u>
Total long-term bonded debt	<u>156,266</u>
Short-term debt:	
Bond Anticipation Notes	<u>21,526</u>
Total Direct Debt	177,792
Less School Construction Grants - State of Connecticut (2)	<u>(746)</u>
Total Net Direct Debt and Overall Net Debt	<u><u>\$ 177,046</u></u>

Note: The City has no overlapping or underlying debt.

Population (3)	52,759
Net Taxable Grand List (10/01/12)	\$ 6,418,235
Estimated Full Value (70%)	\$ 9,168,908
Equalized Grand List (10/1/10) (4)	\$ 6,852,066
Money Income Per Capita (2010) (1)	\$ 38,351

	Total Direct Debt	Total Net Direct Debt
Per Capita	\$ 3,342.08	\$ 3,322.75
Ratio to net Taxable Grand List	2.75%	2.73%
Ratio to Estimated Full Value	1.92%	1.91%
Ratio to Equalized Grand List	2.42%	2.56%
Debt per Capita to Money Income per Capita	8.71%	8.66%

*Presented in thousands

(1) Excludes capital leases

(2) See "School Building Grant Reimbursements" herein

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

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

CITY OF MILFORD, CONNECTICUT

RATIOS OF NET LONG-TERM DEBT TO VALUATION, POPULATION AND INCOME

LAST TEN FISCAL YEARS

Fiscal Year	Grand List October 1,	In Thousands			Ratio of Net Long-Term Debt to Assessed Value	Ratio of Net Long-Term Debt to Estimated Full Value	(4) Population	Net Long-Term Debt Per Capita	Ratio of Net Long-Term Debt Per Capita to Per Capita Income (5)
		Net Assessed Value (1)	Estimated Full Value (2)	Net Long-Term Debt (3)					
2005	2003	\$ 3,983,877	\$ 5,691,253	\$ 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	1,123.00	3.80
2008	2006	4,472,546	10,546,040	67,342	1.50	0.94	55,127	1,217.48	4.22
2009	2007	5,251,646	10,603,075	74,862	1.43	0.71	55,455	1,349.96	4.63
2010	2008	5,377,363	10,578,868	80,622	1.50	0.76	55,907	1,442.07	4.99
2011	2009	5,430,922	10,603,075	128,728	2.37	1.21	55,907	2,302.54	7.97
2012	2010	5,410,069	10,578,868	112,669	2.08	1.07	52,759	2,015.29	6.98
2013	2011	6,399,852	9,142,646	148,010	2.31	1.62	52,759	2,805.40	9.71
2014	2013	6,418,236	9,168,908	155,520	2.42	1.70	52,759	2,947.74	10.21

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

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

(2) Assessment Ratio 70%

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

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

(5) Money Income Per Capita: \$28,882, U.S. Department of Commerce, Bureau of Census 2000.

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

TABLE 15

CITY OF MILFORD, CONNECTICUT

AUTHORIZED BUT UNISSUED DEBT
JUNE 30, 2014

Project	Total Amount of Authorization	Bonds Issued	Statutory Paydown	Grants	(May '14)	(NOV '13)	Authorized But Unissued			
					Notes Due	Lot B Notes Due				
					11/10/2014	11/10/2014	General Purpose	Schools	Sewers	
This Issue:										
Recreation Facilities Improvements.....	\$ 1,310,000	\$ 1,304,700		\$ -	\$ -	\$ -	\$ 5,300	\$ -	\$ -	
Pepe's Farm Rd & Woodmont Rd.....	1,370,000	1,202,000		-	-	-	168,000	-	-	
Stowe Property.....	895,000	798,000		-	-	-	97,000	-	-	
Senior Center Renovation.....	1,950,000	1,909,000		-	-	-	41,000	-	-	
Milford Academy Renovations.....	2,650,000	2,570,500	2,250	-	-	-	77,250	-	-	
Various Public Improvements (Feb 04).....	2,483,065	2,406,765		-	-	-	76,300	-	-	
Various Public Improvements (Nov 04).....	3,347,500	3,152,200		68,053	-	-	127,247	-	-	
Various Public Improvements (Mar 05).....	1,134,500	1,112,200	150	-	-	-	22,150	-	-	
Road Resurfacing.....	715,000	704,000			-	-	11,000	-	-	
Various Public Improvements (Feb 07).....	4,620,300	3,557,185			30,000	-	1,033,115	-	-	
Various Public Improvements (Apr 08).....	3,715,559	3,063,450			15,000	-	637,109	-	-	
Various Public Improvements (Feb 10).....	6,292,000	5,555,600	-	12,725	87,000	7,000	629,675	-	-	
Various Public Improvements (Feb 11).....	6,588,000	5,380,500	-		34,000	263,000	910,500	-	-	
Various Public Improvements (Apr 11).....	1,685,000	1,432,000	-		-	-	253,000	-	-	
Eastside Firehouse.....	4,950,000	4,115,000			93,000	-	742,000	-	-	
Woodmont Beach FEMA (Mar 12).....	534,000	120,000	-	62,819	3,000	287,000	61,181	-	-	
Various Public Improvements (Feb 12).....	6,088,600	1,186,000	-	614,291	220,000	1,453,000	2,615,309	-	-	
Various Public Improvements (Feb 13).....	7,578,000	840,500	-	-	568,000	555,000	5,614,500	-	-	
General Public Improvements.....	8,717,500	-		-	-	-	8,717,500	-	-	
General Public Improvements (Feb 14).....	1,775,538	1,751,800		-	-	-	23,738	-	-	
Subtotal General Improvement.....	\$ 68,399,562	\$ 42,161,400	\$ 2,400	\$ 757,889	\$ 1,050,000	\$ 2,565,000	\$ 21,862,873	\$ -	\$ -	
Various School Improvements (Feb 07)	18,489,511	12,573,600	-	5,273,438	18,000	-	-	624,473	-	
Various School Improvements (Apr 08).....	1,440,000	707,000	-	130,736	479,000	-	-	123,264	-	
J. Law Phase III Construction (Aug 09).....	4,050,000	2,500,000	-	1,332,513	-	-	-	217,487	-	
Various School Improvements (Feb 10).....	9,640,000	5,749,400	-	2,976,430	401,000	-	-	513,170	-	
Various School Improvements (Feb 11).....	5,630,000	3,769,000	-	1,350,037	15,000	-	-	495,963	-	
Various School Improvements (Feb 12).....	12,000,000	2,777,000	-		7,598,000	-	-	1,625,000	-	
Various School Improvements (Feb 13).....	9,211,060	636,000	-	-	6,811,000	-	-	1,764,060	-	
Various School Improvements (Feb 14).....	3,698,000	-	-	-	8,000	-	-	3,690,000	-	
Subtotal Schools.....	\$ 64,158,571	\$ 28,712,000	\$ -	\$ 11,063,154	\$ 15,330,000	\$ -	\$ -	\$ 9,053,417	\$ -	
Wastewater Facilities Upgrade	33,150,940	27,692,200	-	-	250,000	20,000	-	-	5,188,740	
Sewers XIII.....	2,555,000	1,998,400	-	-	64,000	30,000	-	-	462,600	
Sewers XIV Design Phase.....	930,000	589,400	-	-	-	-	-	-	340,600	
East/West Interceptor.....	4,250,000	4,065,000	-	-	-	-	-	-	185,000	
Buckingham Ave Force Main.....	4,650,000	4,030,000	-	-	-	-	-	-	620,000	
Roger Ave Pump & High St Sewer.....	2,623,500	1,500,000	-	-	-	-	-	-	1,123,500	
Sewers XV.....	4,625,000	2,450,800	-	-	200,000	500,000	-	-	1,474,200	
Sewers XVI.....	275,000	59,000	-	-	76,000	116,000	-	-	24,000	
Sewers XVII.....	2,753,825	653,000	-	-	525,000	800,000	-	-	775,825	
Sewers XVIII.....	4,254,000	-	-	-	-	-	-	-	4,254,000	
Sewers XIX.....	187,000	-	-	-	-	-	-	-	187,000	
Subtotal Sewers.....	\$ 60,254,265	\$ 43,037,800	\$ -	\$ -	\$ 1,115,000	\$ 1,466,000	\$ -	\$ -	\$ 14,635,465	

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

Calendar Year	Population(1)	Per Capita Income(2)	Total Personal Income	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2014	52,759	\$ 39,822	\$ 2,100,968,898	42.5	6,602	6.0
2013	52,759	38,351	2,023,360,409	43.3	6,659	7.1
2012	52,759	38,351	2,023,360,409	43.3	6,849	6.9
2011	55,907	28,832	1,611,910,624	39.4	7,069	7.8
2010	55,907	28,882	1,614,705,974	39.4	7,166	8.6
2009	55,455	28,882	1,601,651,310	39.4	7,306	7.5
2008	55,127	28,882	1,592,178,014	39.4	7,374	5.0
2007	54,802	28,882	1,582,791,364	39.4	7,389	3.8
2006	52,305	28,882	1,510,673,010	39.4	7,597	3.7
2005	52,305	28,882	1,510,673,010	39.4	7,582	4.4

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

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

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

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

TABLE 17

CITY OF MILFORD, CONNECTICUT

PRINCIPAL EMPLOYERS

2014 AND 2005

Business Name	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
City of Milford Board of Education	Municipal School System	1,076	1	3.83%	1100	1	3.74%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	870	2	3.10%	675	6	2.30%
Milford Hospital	Healthcare	774	3	2.76%	795	4	2.70%
Schick	Manufacturer - Razors	696	4	2.48%	750	5	2.55%
City of Milford	Municipal Government	542	5	1.93%	561	7	1.91%
Neopost Hasler, Inc.	Postage Meter Company	390	7	1.39%			
Macy's	Retail Department Store	325	6	1.16%	300	9	1.02%
Super Stop & Shop	Food Retail	288	8	1.03%	400	8	1.36%
Costco	Wholesale Club	240	9	0.86%			
Alinabal	Manufacturer	226	10	0.81%			0.00%
BIC Corporation	Manufacturer Lighters				830	3	2.82%
New England Home Care, Inc.	Healthcare				875	2	2.98%
Sears	Retail Department Store				275	10	0.94%
TOTAL		<u>5,427</u>		<u>19.34%</u>	<u>5,866</u>		<u>19.96%</u>
Total Employment		<u>28,060</u>			<u>29,391</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	127.5	125.85	117.85	126.72	126.72	125.72	125.72	125.72	123.72	125.72
Police	127	128	127	130	130	129	132	131	131	127
Fire	121	123	126	127	127	127	127	127	127	127
Refuse collection	31	30	31	33	33	31	33	33	33	33
Other public works	77	79	79	84	85	81	87	85	90	90
Wastewater	31	31	31	29	27	25	31	31	31	31
Parks and recreation	6	6	6	7	7	7	7	7	7	7
Library	19.5	19.15	19.15	19.28	19.28	19.28	19.28	19.28	19.28	19.28
Education	<u>1076.17</u>	<u>1106</u>	<u>1111.97</u>	<u>1,120.75</u>	<u>1,161.85</u>	<u>1,181.85</u>	<u>1,027.57</u>	<u>1,021.32</u>	<u>1,000.34</u>	<u>977.11</u>
Total	<u><u>1616.17</u></u>	<u><u>1648.97</u></u>	<u><u>1676.75</u></u>	<u><u>1716.85</u></u>	<u><u>1726.85</u></u>	<u><u>1589.57</u></u>	<u><u>1580.32</u></u>	<u><u>1,562.34</u></u>	<u><u>1,537.11</u></u>	<u><u>1,528.47</u></u>

Source: Various City Departments

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:										
Building permits issued	71	67	35	52	68	67	47	122	161	250
All other permits	994	1,179	3,377	2,966	2,826	2,705	3,221	3,814	4,439	4,776
Building inspections conducted	5,923	5,201	4,878	4,750	5,878	7,581	8,265	8,712	9,207	8,476
Police:										
Physical arrests	1,267	1,251	2,806	2,773	1,900	2,065	1,772	2,421	1,271	1,724
Parking violations	900	1,748	3,622	4,299	4,673	3,637	4,097	4,252	3,333	3,694
Traffic violations	2,260	2,221	9,277	8,341	8,224	11,507	9,241	11,450	12,698	11,496
Fire:										
Emergency responses	7,617	7,951	8,108	7,749	7,819	7,369	7,731	7,170	7,014	6,526
Fires extinguished	140	126	201	180	150	169	265	253	232	213
Refuse collection:										
Refuse collected (tons per day)	15,597.00	16,192.44	11,153.56	15,223.90	15,590.09	14,603.81	14,141.73	14,282.05	15,395.32	15,584.27
Recyclables collected (tons per day)	4,224.00	4,354.07	4,273.16	2,557.37	2,574.55	2,779.02	3,238.55	2,898.86	3,176.66	2,996.47
Other public works:										
Street resurfacing (miles)	4.70	3.27	2.5	2.26	5.84	2.50	6.23	6.06	4.50	6.00
Potholes repaired (info not available)										
Parks and recreation:										
Athletic field permits issued	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Community Center admissions	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939
Library:										
Volumes in collection	127,773	128,182	126,055	126,118	124,590	120,506	121,159	119,224	117,751	118,074
Total volumes borrowed	193,511	195,902	198,276	211,825	220,213	210,245	195,837	182,942	169,423	209,058
Wastewater:										
Average daily sewage treatment (thousands of gallons)	8,700	8,700	10,000	10,000	8,700	10,250	10,250	11,100	11,100	11,100

Source: Various City Departments

CITY OF MILFORD, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	42	40	40	40	40	40	40	40	40	40
Fire stations	4	4	5	5	5	5	5	5	5	5
Refuse collection:										
Collection trucks	13	13	15	11	11	11	11	11	11	11
Other public works:										
Streets (miles)	199	199	199	199	199	199	199	199	199	199
Traffic signals	136	136	135	134	134	134	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	38	38	38	38	39
Playgrounds	20	19	19	23	23	23	23	23	23	23
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	25	25	25	25	25	25	25	25	28
Community centers	5	5	5	5	5	5	5	5	5	5
Beach front mileage	11	11	11	11	11	11	11	11	11	11
Public beaches	5	5	5	5	5	5	5	5	5	5
Marina	1	1	1	1	1	1	1	1	1	1
Golf course - 9-hole executive	1	1	1	1	1	1	1	1	1	1
Water:										
Fire hydrants	1404	1410	1407	1,402	1,397	1,390	1,377	1,377	1,377	1,371
Storage capacity (millions of gallons)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Wastewater:										
Sanitary sewers (miles)	262	260	260	260	260	260	260	260	260	260
Treatment capacity (thousands of gallons)	14,250	14,250	14,250	14,250	14,250	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	8	8	8	8	9	9	9	9	9	9

Source: Various City Departments

TABLE 21

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*
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
2011	34	5,799	5	1,755	2,979	45,933	3,018	53,487
2012	33	5,614	2	2,835	3,377	54,638	3,412	63,087
2013	48	6,120	19	4,520	1,179	37,973	1,246	48,613
2014	63	12,221	8	1,015	994	27,818	1,065	41,054

(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.