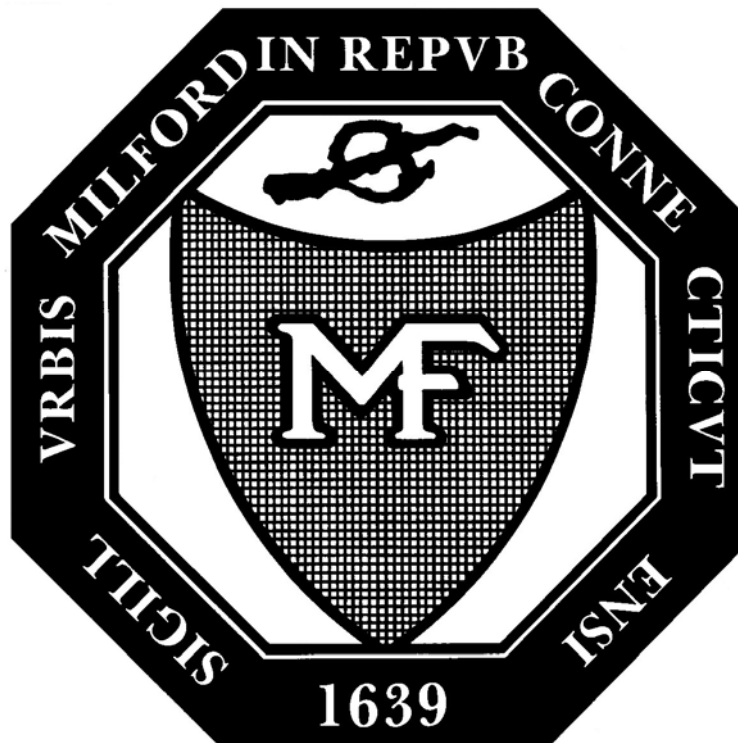


# **City of Milford Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2017

# **City of Milford, Connecticut Connecticut**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by:  
City of Milford Finance Department

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

**ARIANE P. SWIFT  
CITY ACCOUNTANT**

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**CITY OF MILFORD, CONNECTICUT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS  
JUNE 30, 2017**

<b>Introductory Section</b>		<b>Page</b>
	Organizational Chart	i
	List of Principal Officials	ii
	Letter of Transmittal	iii-ix
	GFOA Certificate of Achievement	x
<b>Financial Section</b>		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
	Basic Financial Statements	
<b>Exhibit</b>	Government-Wide Financial Statements:	
I	Statement of Net Position	12
II	Statement of Activities	13
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16-17
V	Statement of Net Position - Proprietary Funds	18
VI	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	19
VII	Statement of Cash Flows - Proprietary Funds	20
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	21
IX	Statement of Changes in Plan Net Position - Fiduciary Funds	22
	Notes to the Financial Statements	23-63
	Required Supplementary Information	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	64-65
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	66-68
	Pension Funds:	
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios	69
RSI-4	Schedule of Employer Contributions	70
RSI-5	Schedule of Investment Returns	71
RSI-6	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	72
	OPEB:	
RSI-7	Schedule of Changes in Net OPEB Liability and Related Ratios	73
RSI-8	Schedule of Employer Contributions - OPEB	74
RSI-9	Schedule of Investment Returns - OPEB	75
	Supplemental, Combining and Individual Fund Statements and Schedules	
	General Fund:	
A-1	Comparative Balance Sheet	76
A-2	Report of Tax Collector	77
A-3	Board of Education Schedule of Expenditures and Encumbrances Compared with Appropriations	78-80

<u>Exhibit</u>		<u>Page</u>
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	81-82
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83-84
	Nonmajor Proprietary Funds:	
C-1	Combining Statement of Net Position	85
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	86
C-3	Combining Statement of Cash Flows	87
	Internal Service Funds:	
D-1	Combining Statement of Net Position	88
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	89
D-3	Combining Statement of Cash Flows	90
	Fiduciary Funds:	
	Agency Funds:	
E-1	Combining Balance Sheet	91
E-2	Combining Statement of Changes in Assets and Liabilities	92

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### Statistical Section

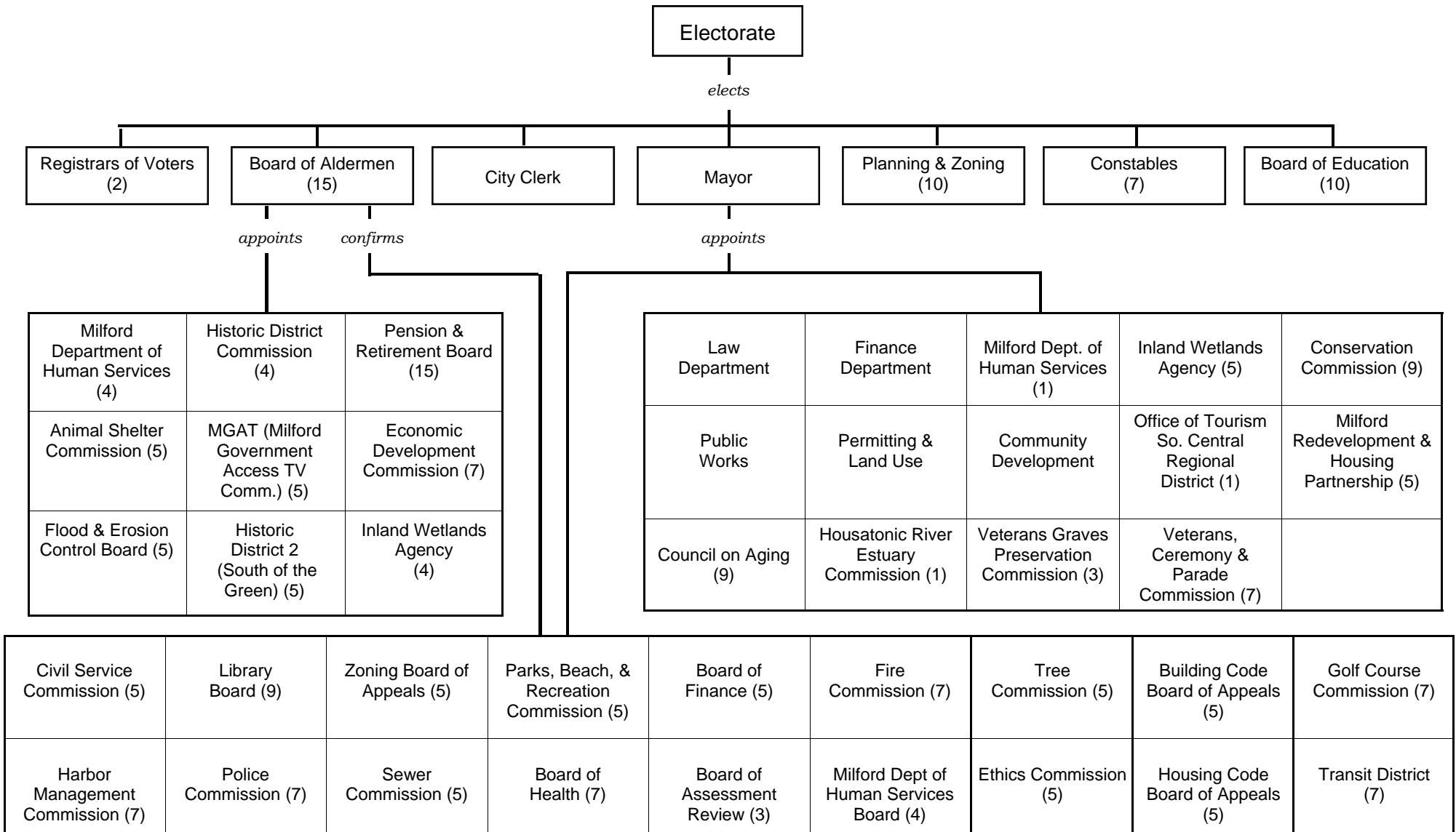
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#### Table

	Financial Trends:	
1	Net Position by Component	93
2	Changes in Net Position	94-95
3	Fund Balances, Governmental Funds	96
4	Changes in Fund Balances, Governmental Funds	97
5	Eight Year Summary of Audited Revenues and Expenditures, Next Fiscal Year Budget	98
6	Capital Improvement Program	99
	Revenue Capacity:	
7	Assessed Value and Estimated Actual Value of Taxable Property	100
8	Principal Property Taxpayers	101
9	Property Tax Levies and Collections	102
	Debt Capacity:	
10	Ratio of Outstanding Debt by Type	103
11	Schedule of Debt Limitation	104
12	Legal Debt Margin Information	105
13	Debt Statement and Current Debt Ratios	106
14	Ratios of Net Long-Term Debt to Valuation, Population and Income	107
15	Authorized But Unissued Debt	108-109
	Demographic and Economic Statistics:	
16	Demographic and Economic Statistics	110
17	Principal Employers	111
	Operating Information:	
18	Full-Time Equivalent City Government Employees by Function/Program	112
19	Operating Indicators by Function/Program	113
20	Capital Asset Statistics by Function/Program	114
21	Building Permits and Value of Construction	115

## **Introductory Section**

# City of Milford Organizational Chart



## **PRINCIPAL OFFICIALS**

### **Mayor**

Benjamin G. Blake

### **Board of Aldermen**

Philip J. Vetro, Chair  
James Tranquilli, Jr.  
Anthony Giannattasio  
Ellen Beatty  
Janet A. Golden  
Jeremy Grant  
Dominick Veccharelli, Jr.  
Martin B. Hardiman  
Frank J. Smith  
Constance C. Gaynor  
Anthony D. Sutton  
Daniel J. German  
Karen Fortunati  
Bryan N. Anderson  
Raymond G. Vitali

### **Board of Education**

Susan Glennon, Chair  
Ray Arnold  
Jennifer Federico  
Erin Pinsince  
Warren Pawlowski  
Craig Zentkovich  
Rita Hennessey  
Adam DeYoung  
Claire I. Casey

### **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

February 25, 2018

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, 2017 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 53,039 (2010-2014 Census). Milford is served by many transportation facilities. Interstate 95 has seven Milford entrances/exits and Connecticut 15 (Merritt/Wilbur Cross Parkway) has two entrances/exits. U.S. 1 plus Connecticut Routes 121, 162, and numerous local roads and streets also serve the City. Inter-city passenger bus service is provided by Connecticut Transit and interstate service is provided by Greyhound. The New Haven Line, Amtrak and Metro North (Conrail) provide four east/west passenger/freight rails and two north/south freight rails. Passenger trains stop daily going to and coming from New York's Grand Central Station. Two airports serve Milford; Sikorsky Memorial Airport and Tweed-New Haven Airport.

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

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

## **ECONOMY AND FACTORS AFFECTING FINANCIAL CONDITION**

Milford is located in a region with a diverse economic base. Residents' income is derived from education and health services organizations, manufacturing, professional and administrative services and retail industries. The 2015 census data shows that Milford's median family income was \$99,856, compared to the State's \$89,031 and the median age of a Milford resident was 44.6 years.

The City's unemployment rate was 4.0 % through August 2017 as compared to the State of Connecticut at 4.6%. The decrease in the unemployment rate from 4.7% to 4.0% over the past year is reflective of the current economy.

The City's tax base is stable with some moderate growth. The net taxable grand list of October 1, 2016 was \$6.5 billion which represents an increase of \$117 million over the grand list of October 1, 2015. This was primarily due to residential and commercial new construction. The top ten taxpayers have been relatively stable over the past two years and represent 7.95% of the grand list.

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

In 2016, new business starts in Milford were estimated at over 300. Milford was named one of the top 30 "Most Educated Cities," one of "America's Best Beach Towns" both by WalletHub, and one of the top 30 "Safest Places to Raise a Child" in the country by SafeWise.

The redevelopment of 230 Cherry Street has reinvigorated the surrounding area with several pad sites dedicated to gas, retail and restaurants. In 2017, Starbucks's has announced their second location at this site. The plaza is expected to be fully occupied this year.

On the employment front, retail, manufacturing, healthcare and construction are the top industry employment in Milford. The latest unemployment figures from May 2017 show that Milford had a 4.6% unemployment rate which continues to improve. One of the top employers, Subway, announced in 2017, a major digital expansion, with a plan to add over 200 new jobs at the Milford headquarters.

Construction permits are additional signs of economic strength within Milford. This year the City had a 27% increase in the value of construction permits over 2015-2016. Milford had \$109,553,877 in new construction generated this year and 178 new housing permits in 2016.

Milford's downtown had a number of new businesses open and the downtown development project for River Street/High Street continues to move forward with a conceptual site plan based on transit oriented development recently released. The City plans to issue a Request for Qualifications for the project in 2018.

Areas in Milford continue to grow and develop including new businesses opening in the Walnut Beach and Devon sections. The Fig Cooking School, a culinary education facility, opened at 44 Naugatuck Avenue in 2017. On the Boston Post Road, the Connecticut Post Mall announced a new Dave & Buster's which will open their third Connecticut location in 2018. Also, Tesla opened its largest supercharger station on the East Coast with 14 charging stations at the Mall.

Real estate remains strong in Milford with close to 16 million square feet of commercial office space that is 96% occupied. Businesses range from small manufacturers to our larger corporate headquarters.

Workforce development remains a focus in Milford and the City continues to support small businesses with assistance by offering workshops from the Small Business Association and the Small Business Development Center. Further, the City helps to coordinate visits with representatives from the State Department of Economic and Community Development. The Small Business Development Council offers office hours monthly at the City's Community Development Office.

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, 2016, 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. On February 6, 2017, the Board of Aldermen formally adopted this policy. For FY2017, debt service represents approximately 7% 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. On February 6, 2017, the Board of Aldermen formally adopted this policy along with a debt management policy and pension funding policy.

## **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. Historically, the City has completed bond refundings which have lowered debt service costs. Recently, the City completed a refunding in December 2017 yielding savings of \$535 thousand. The administration negotiated with its Police, Fire, and other unions and worked with them to implement healthcare plan design changes to their union contracts--making a high deductible, health savings account plan the sole, core plan for new hires. This should help to lower healthcare 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 FY16 and FY17, the City planned for adjustments in certain grants and others with level funding. In FY17, state grants were budgeted at \$15 million and funded 7.4% of the City's budget. In FY16, state grants were budgeted at \$13.9 million, which was 6.9% of the budget. The Education Cost Sharing Grant, which is a major grant for the City, did not change significantly from \$11.4 million budgeted in FY16 to \$11.2 million budgeted in FY17.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. The City negotiated a wage increase of 2.25% for FY17 for most City unions and gave the same to the non-represented employees. In FY16 and FY17, the Education Operations (EO) budget increased 2% and 0.7% and the City's budget increased 1.9% and 1.5% respectively. Some of the key reasons for the City's increase were as follows: a \$679 thousand increase in the pension annual contribution, a \$171 thousand increase in debt service, \$597 thousand increase in the contribution to the workers compensation fund and approximately \$734 thousand in contractual wage increases for City employees. Each year, the City works to implement changes which will result in expenditure savings as well, including a new automated trash collection program that began in 2016.

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 seven of the nine City unions except for Nurses and Fire Dispatchers were renegotiated and will expire on June 30, 2019 or 2020. These contracts include a premium cost share on an increasing sliding scale for all employees who contribute to the cost of their health insurance (Police already had a premium cost share implemented). They also include a Health Savings Account plan for new hires. 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.

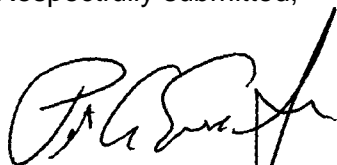
***Certificate of Achievement for Excellence in Financial Reporting.*** The government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Milford for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the thirteenth 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 and Vernelle Bethel for their assistance and contributions. In addition, the accounting firm of BlumShapiro made substantial contributions by way of design, proofing and interpretation of recent guidelines.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter A. Erodict, Jr.", with a long, sweeping vertical line extending downwards from the end of the signature.

Peter A. Erodict, Jr.  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of Milford  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

## **Financial Section**





Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Board of Finance  
City of Milford, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2017, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017 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.

## ***Changes in Accounting Principle***

As discussed in Note 10 to the financial statements, during the fiscal year ended June 30, 2017, the City adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 64 through 68 and the pension and OPEB schedules on pages 69 through 75 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 statement of the City of Milford, Connecticut as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 22, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 is presented for purposes of additional analysis and is 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2018 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 solely 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 the effectiveness of the City of Milford, Connecticut's 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  
February 25, 2018

**CITY OF MILFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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, 2017. This is the fifteenth 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 decreased by \$80 thousand and net position of our governmental activities decreased by \$19 million. The business activities net position decrease was attributable to a maintenance project at the Marina. The governmental activities decrease in net position was attributable to higher education costs along with an increase in debt service costs.
- During the year, the City had expenses that were \$19 million more than the \$254 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$273 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$36.8 million and unassigned fund balance of \$25.5 million.
- The general fund ended the year with a budgetary surplus of approximately \$9 million. This was attributable to actual expenditures lower than the budgeted amount and higher than expected tax collections and other revenues.

**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 \$91 million to \$72 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)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 113,636	\$ 106,363	\$ 494	\$ 534	\$ 114,130	\$ 106,897
Capital assets	389,438	366,338	3,400	3,444	392,838	369,782
Total assets	<u>503,074</u>	<u>472,701</u>	<u>3,894</u>	<u>3,978</u>	<u>506,968</u>	<u>476,679</u>
Deferred outflows of resources	<u>32,783</u>	<u>56,956</u>			<u>32,783</u>	<u>56,956</u>
Long-term debt outstanding	415,788	399,384			415,788	399,384
Other liabilities	<u>48,143</u>	<u>38,945</u>	<u>20</u>	<u>24</u>	<u>48,163</u>	<u>38,969</u>
Total liabilities	<u>463,931</u>	<u>438,329</u>	<u>20</u>	<u>24</u>	<u>463,951</u>	<u>438,353</u>
Deferred inflows of resources	<u>4,257</u>	<u>4,291</u>			<u>4,257</u>	<u>4,291</u>
Net position:						
Net investments in capital assets	203,122	194,944	3,400	3,444	206,522	198,388
Restricted	285	278			285	278
Unrestricted	<u>(135,738)</u>	<u>(108,185)</u>	<u>474</u>	<u>510</u>	<u>(135,264)</u>	<u>(107,675)</u>
Total Net Position	<u>\$ 67,669</u>	<u>\$ 87,037</u>	<u>\$ 3,874</u>	<u>\$ 3,954</u>	<u>\$ 71,543</u>	<u>\$ 90,991</u>

Net position of the City's governmental activities decreased 22% (\$67.7 million compared to \$87 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 \$136 million at the end of this year. Key reasons for this change in net position are the increase in the OPEB obligation for the City and Board of Education as well as pension obligations for the City.

There was a 2% decrease (\$3.87 million compared to \$3.95 million in the net position of business-type activities from 2016 to 2017.

**Table 2**  
**CHANGES IN NET POSITION**  
(In Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenues:						
Program revenues:						
Charges for services	\$ 10,210	\$ 10,408	\$ 342	\$ 335	\$ 10,552	\$ 10,743
Operating grants and contributions	39,753	31,072		26	39,753	31,098
Capital grants and contributions	4,453	18,527	5		4,458	18,527
General revenues:						
Property taxes	187,587	185,435			187,587	185,435
Grants and contributions not restricted to specific purposes	10,965	9,125			10,965	9,125
Unrestricted investment earnings	402	188	1	1	403	189
Other general revenues	202	210			202	210
Total revenues	<u>253,572</u>	<u>254,965</u>	<u>348</u>	<u>362</u>	<u>253,920</u>	<u>255,327</u>
Expenses:						
General government	22,007	22,299			22,007	22,299
Administration	3,505	3,280			3,505	3,280
Public safety	39,698	38,986			39,698	38,986
Public services	20,819	21,776			20,819	21,776
Education	172,388	159,930			172,388	159,930
Health and welfare	3,825	4,054			3,825	4,054
Sewer	5,964	5,783			5,964	5,783
Interest on long-term debt	4,834	2,810			4,834	2,810
Milford Golf Course			78	81	78	81
Harbor management			250	234	250	234
Total program expenses	<u>273,040</u>	<u>258,918</u>	<u>328</u>	<u>315</u>	<u>273,368</u>	<u>259,233</u>
Change in net position before transfers	(19,468)	(3,953)	20	47	(19,448)	(3,906)
Transfers in (out)	<u>100</u>	<u>23</u>	<u>(100)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(19,368)	(3,930)	(80)	24	(19,448)	(3,906)
Beginning Net Position	<u>87,037</u>	<u>90,967</u>	<u>3,954</u>	<u>3,930</u>	<u>90,991</u>	<u>94,897</u>
Ending Net Position	<u>\$ 67,669</u>	<u>\$ 87,037</u>	<u>\$ 3,874</u>	<u>\$ 3,954</u>	<u>\$ 71,543</u>	<u>\$ 90,991</u>

The City's total revenues were \$254 million. The total cost of all programs and services was \$273 million. Our analysis below separately considers the operations of governmental and business-type activities.

## **Governmental Activities**

The City's revenues decreased by \$1.4 million from 2016. Most of the decrease is attributable to lower capital grants and contributions.

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)

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Public safety	\$ 39,698	\$ 38,986	\$ 35,041	\$ 34,970
Public services	20,819	27,559	14,247	16,738
Education	172,388	159,930	133,054	118,767
All others	40,135	32,443	36,282	28,436
Totals	<u>\$ 273,040</u>	<u>\$ 258,918</u>	<u>\$ 218,624</u>	<u>\$ 198,911</u>

## **Business-Type Activities**

Revenues of the City's business-type activities (see Table 2) decreased by 4% (\$348 thousand in 2017 compared to \$362 thousand in 2016) and expenses increased by 4% (\$328 thousand in 2017 versus \$315 thousand in 2016).

## **City Funds Financial Analysis**

### **Governmental Funds**

As the City completed the year, its major governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of close to \$21 million, which is a decrease of \$4 million over last year's major fund balance of \$25 million. Included in this year's total change in fund balance, is an increase of \$6.9 million in the general fund. The primary reasons for the General Fund's increase in fund balance are higher than expected tax and other fee revenue, as well as expenditures which were lower than budget. Because \$3.5 million of general fund balance was assigned in 2016 to support the 2017 budget, property tax revenue growth was moderated. In addition, the City's EMS billing program has been growing, the City Clerk's office saw an increase in conveyance taxes collected, and the building department has seen only a small decline in building inspection fee revenue compared to last year. On the expenditure side, the City carefully monitored expenditures throughout the year and generated savings across most departments. Employee vacancies, due to turnover or retirements in several departments, also led to budget surpluses in the wage line items.



## **Proprietary Funds**

The Internal Service Funds' net position decreased \$33 thousand primarily due to workers' compensation expenses. The Enterprise Funds' net position decreased from last year by about \$80 thousand mainly due to a capital contribution for capital projects at the Marina.

## ***General Fund Budgetary Highlights***

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$4 million due to a higher collection rate than was used in the budget and collection of delinquent taxes.
- State aid revenue was less than budgeted by \$359 thousand. This was mainly due to a reduction in the Education Cost Sharing grant. Investment Income - revenues from the investment of idle funds were more than budgeted by \$246 thousand due to slightly higher interest rates and more money on deposit in the Connecticut Short Term Investment Fund.
- Other Revenue was \$225 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$1.1 million above budget mainly due to higher than anticipated conveyance taxes, paramedic fees, building inspection fees, recording fees and recycling revenues. These income categories are directly related to the economy and population and can fluctuate.
- Department Expenditures - Expenditure controls were put into place throughout the fiscal year, including continued monitoring of new hiring, overtime, and purchase requisitions, which resulted in an overall budget surplus of \$3 million on the expenditure side.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At June 30, 2017, the City's governmental activities had \$389 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 \$23 million over last year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 45.6	\$ 42.4	\$ 1.7	\$ 1.7	\$ 47.3	\$ 44.1
Construction in progress	138.3	142.3			138.3	142.3
Buildings and improvements	135.4	113.2	1.6	1.6	137.0	114.8
Machinery and equipment	16.0	13.3	0.2	0.2	16.2	13.5
Infrastructure	54.2	55.2			54.2	55.2
Totals	\$ 389.4	\$ 366.3	\$ 3.4	\$ 3.4	\$ 392.8	\$ 369.8

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

Police Equipment and Vehicles	\$ 231
Public Works Equipment and Vehicles	679
Fire Department Equipment and Vehicles	823
Waster Water - Equipment	162
Land - 701 North Street	1,600
Land - 0 Oronoque Road	922
Land - 675 Plain Road	589
Eastshore Middle School Design	860
Eastshore Middle School A&R Phase I	11,069
Eastshore Middle School A&R Phase II	8,543
Harborside Roof Replacement	888
Calf Penn Roof Replacement	903
Mathewson Roof Replacement	1,001
Orchard Hill Roof Replacement	1,005
Pumkin Delight Roof Replacement	853
Naugatuck Ave Drainage - CIP	1,344
Multipurpose Athletic Fields YMCA - CIP	2,611
Orange Avenue Recreational Complex - CIP	865
Margaret Eagan Roof - CIP	346
Various Tennis Court Rehabilitation - CIP	905
Library Roof & Facility Upgrade - CIP	<u>318</u>
	<u>\$ 36,517</u>

The City's fiscal-year 2017-2018 capital plan has \$48 million of capital projects planned. School building renovations are estimated at \$15 million, and public service projects at \$33 million. However, a \$20 million new police station is still in the planning stages and will not be completed in FY18. Of the total estimated \$48 million, it is expected to finance \$40 million with bonds and \$8 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, 2017, the City had \$183 million in bonds and notes outstanding versus \$169 million last year - an increase of 8% - 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)

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
General obligation bonds (backed by the City)	\$ 129,150	\$ 121,805
Bond anticipation notes (backed by the City)	24,875	15,675
Long-term note payable	<u>28,966</u>	<u>31,154</u>
Totals	<u>\$ 182,991</u>	<u>\$ 168,634</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 2017 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 improved from 4.7% to 4.0%. In comparison, the figures for the State of Connecticut also have remained relatively stable at 4.6%.

These indicators were taken into account when adopting the General Fund budget for 2017-2018. The adopted budget for FY 2018 is \$206 million, an increase of 0.65% over the final 2017 budget of \$204 million. No new programs or initiatives were added to the 2018 budget. State grants were assumed to fund 5% of the 2018 budget as compared to 7.4% of the 2017 budget.

If estimates are realized, the City's June 30, 2018 budgetary General Fund balance is expected to be \$5 million lower than the June 30, 2017 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 2017-2018 results will improve due to increased usage of the golf course and 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, 2017**  
(In Thousands)

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 96,182	\$ 471	\$ 96,653
Investments	3,118		3,118
Receivables, net	14,291	24	14,315
Internal balances	1	(1)	
Inventory	23		23
Prepaid items and other assets	21		21
Capital assets:			
Capital assets not being depreciated	183,848	1,654	185,502
Capital assets being depreciated, net	205,590	1,746	207,336
Total assets	<u>503,074</u>	<u>3,894</u>	<u>506,968</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	3,899		3,899
Differences between expected and actual experience	11		11
Changes in pension actuarial assumptions	8,874		8,874
Changes in pension projected investment earnings	19,999		19,999
Total deferred outflows of resources	<u>32,783</u>	<u>-</u>	<u>32,783</u>
<b>Liabilities:</b>			
Accounts and other payables	20,842	20	20,862
Unearned revenue	1,477		1,477
Due to other governments	949		949
Bond anticipation notes payable	24,875		24,875
Noncurrent liabilities:			
Due within one year	19,174		19,174
Due in more than one year	396,614		396,614
Total liabilities	<u>463,931</u>	<u>20</u>	<u>463,951</u>
<b>Deferred Inflows of Resources:</b>			
Advance property tax collection	2,381		2,381
Advance sewer collections	86		86
Changes in pension actuarial experience	1,790		1,790
Total deferred inflows of resources	<u>4,257</u>	<u>-</u>	<u>4,257</u>
<b>Net Position:</b>			
Net investments in capital assets	203,122	3,400	206,522
Restricted for:			
Trust purposes:			
Expendable	285		285
Unrestricted	<u>(135,738)</u>	<u>474</u>	<u>(135,264)</u>
Total Net Position	<u>\$ 67,669</u>	<u>\$ 3,874</u>	<u>\$ 71,543</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, 2017**  
(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	\$ 22,007	\$ 1,798	\$ 620	\$	\$ (19,589)	\$	\$ (19,589)
Administration	3,505				(3,505)		(3,505)
Public safety	39,698	3,911	746		(35,041)		(35,041)
Public services	20,819	1,399	920	4,253	(14,247)		(14,247)
Education	172,388	2,301	36,833	200	(133,054)		(133,054)
Health and welfare	3,825	703	634		(2,488)		(2,488)
Sewer	5,964	98			(5,866)		(5,866)
Interest on long-term debt	4,834				(4,834)		(4,834)
Total governmental activities	<u>273,040</u>	<u>10,210</u>	<u>39,753</u>	<u>4,453</u>	<u>(218,624)</u>	<u>-</u>	<u>(218,624)</u>
Business-type activities:							
Nonmajor Enterprise Funds:							
Milford Golf Course	78	89		5		16	16
Harbor Management	250	253				3	3
Total business-type activities	<u>328</u>	<u>342</u>		<u>5</u>	<u>-</u>	<u>19</u>	<u>19</u>
Total	<u>\$ 273,368</u>	<u>\$ 10,552</u>	<u>\$ 39,753</u>	<u>\$ 4,458</u>	<u>(218,624)</u>	<u>19</u>	<u>(218,605)</u>
General revenues:							
Property taxes					187,587		187,587
Grants and contributions not restricted to specific programs					10,965		10,965
Unrestricted investment earnings					402	1	403
Other general revenues					202		202
Transfers					100	(100)	-
Total general revenues and transfers					<u>199,256</u>	<u>(99)</u>	<u>199,157</u>
Change in Net Position					(19,368)	(80)	(19,448)
Net position at Beginning of Year					87,037	3,954	90,991
Net Position at End of Year					<u>\$ 67,669</u>	<u>\$ 3,874</u>	<u>\$ 71,543</u>

The accompanying notes are an integral part of the financial statements

**CITY OF MILFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**  
(In Thousands)

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,829	\$ 7,951	\$ 2,228	\$ 17,372	\$ 75,380
Investments	3,118				3,118
Receivables, net	12,246	885		995	14,126
Due from other funds	827	347		1,201	2,375
Inventories				23	23
Prepaid items and other assets	21				21
Total Assets	<u>\$ 64,041</u>	<u>\$ 9,183</u>	<u>\$ 2,228</u>	<u>\$ 19,591</u>	<u>\$ 95,043</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 11,287	\$ 428	\$ 4,737	\$ 2,180	\$ 18,632
Other liabilities		297	519	171	987
Due to other governments	931	18			949
Due to other funds	1,602	472	8	456	2,538
Unearned revenue	86	1,383		8	1,477
Bond anticipation notes payable		11,755	7,594	5,526	24,875
Total liabilities	<u>13,906</u>	<u>14,353</u>	<u>12,858</u>	<u>8,341</u>	<u>49,458</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	6,207				6,207
Unavailable revenue - property taxes interest	4,666				4,666
Unavailable revenue - special assessments	25			155	180
Unavailable revenue - school building construction receivable	99				99
Advance sewer collections				86	86
Advance property tax collections	2,381				2,381
Total deferred inflows of resources	<u>13,378</u>	<u>-</u>	<u>-</u>	<u>241</u>	<u>13,619</u>
Fund balances:					
Nonspendable	21			23	44
Restricted				360	360
Committed	1,383			13,949	15,332
Assigned	9,748				9,748
Unassigned	25,605	(5,170)	(10,630)	(3,323)	6,482
Total fund balances	<u>36,757</u>	<u>(5,170)</u>	<u>(10,630)</u>	<u>11,009</u>	<u>31,966</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 64,041</u>	<u>\$ 9,183</u>	<u>\$ 2,228</u>	<u>\$ 19,591</u>	<u>\$ 95,043</u>

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**  
**(In Thousands)**

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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	\$ 31,966
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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	\$ 539,869	
Less accumulated depreciation	(150,431)	
Net capital assets		389,438

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

Property tax receivables greater than 60 days	6,207
Interest receivable on property taxes	4,666
Assessments receivable	180
Interest receivable on assessments	95
Receivable from the state for school construction projects	99
Deferred outflows related to differences between expected and actual experience	11
Deferred outflows related to changes in pension actuarial assumptions	8,874
Deferred outflows related to changes in projected pension investment earnings	19,999

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.

14,739

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

Bonds and notes payable	(158,116)
Interest payable on bonds and notes	(766)
Compensated absences	(18,410)
Net OPEB obligation	(155,974)
Bond premium	(7,224)
Net pension liability	(70,224)
Deferred inflows related to differences between expected and actual experience	(1,790)
Deferred charges on refunding	3,899

Net Position of Governmental Activities (Exhibit I)	<u>\$ 67,669</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, 2017**  
(In Thousands)

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes and assessments	\$ 179,444	\$	\$	\$ 7,638	\$ 187,082
Fines, forfeitures, penalties and interest	1,624			63	1,687
Intergovernmental	34,484	4,253	200	8,404	47,341
Charges for services	3,566	173		4,623	8,362
Investment income	356	36		65	457
Other	7,413			2,643	10,056
Total revenues	<u>226,887</u>	<u>4,462</u>	<u>200</u>	<u>23,436</u>	<u>254,985</u>
Expenditures:					
Current:					
General government	4,212			800	5,012
Administration	2,772				2,772
Public safety	25,662			2,259	27,921
Public services	11,742			844	12,586
Education	131,763			8,850	140,613
Health and welfare	1,725			2,337	4,062
Sewer				6,116	6,116
General charges	24,697				24,697
Grants to agencies	2,611				2,611
Capital outlay		17,952	10,899	2,386	31,237
Debt service	14,153	84		1,997	16,234
Total expenditures	<u>219,337</u>	<u>18,036</u>	<u>10,899</u>	<u>25,589</u>	<u>273,861</u>
Excess (deficiency) of revenues over expenditures	<u>7,550</u>	<u>(13,574)</u>	<u>(10,699)</u>	<u>(2,153)</u>	<u>(18,876)</u>
Other financing sources (uses):					
Issuance of bonds and notes		6,497	6,131	3,812	16,440
Premium on bond issuance	736				736
Transfers in	44	1,700		658	2,402
Transfers out	(1,446)			(856)	(2,302)
Total other financing sources (uses)	<u>(666)</u>	<u>8,197</u>	<u>6,131</u>	<u>3,614</u>	<u>17,276</u>
Net Change in Fund Balances	6,884	(5,377)	(4,568)	1,461	(1,600)
Fund balances at Beginning of Year	<u>29,873</u>	<u>207</u>	<u>(6,062)</u>	<u>9,548</u>	<u>33,566</u>
Fund Balances at End of Year	<u>\$ 36,757</u>	<u>\$ (5,170)</u>	<u>\$ (10,630)</u>	<u>\$ 11,009</u>	<u>\$ 31,966</u>

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

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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)	\$ (1,600)
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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	28,520
Depreciation expense	(5,406)
Loss on disposal of asset	(14)

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	(195)
Property tax receivable - accrual basis change	(1,301)
Property tax interest and lien revenue - accrual basis change	120
Sewer assessment receivable and interest - accrual basis change	(24)
Sewer assessment interest receivable - accrual change	(1)
Deferred outflows related to differences between expected and actual experience	11
Deferred outflows related to changes in pension actuarial assumptions	(2,921)
Deferred outflows related to changes in projected pension investment earnings	(20,844)

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

Bond and note principal payments	11,283
Premium on general obligation bonds	(736)
Issuance of bonds and notes	(16,440)

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

Compensated absences	(4,131)
Accrued interest	(30)
Net OPEB expense	(11,350)
Amortization of bond premium	590
Net pension liability	4,934
Deferred inflows related to differences between expected and actual experience	619
Deferred charges on refunding	(419)

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.

(33)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(19,368)</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, 2017**  
(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service</b>
<b>Assets:</b>		
Current:		
Cash and cash equivalents	\$ 471	\$ 20,802
Receivables, net	24	70
Due from other funds		164
Total current assets	<u>495</u>	<u>21,036</u>
Noncurrent assets:		
Capital assets:		
Not being depreciated	1,654	
Being depreciated, net	1,746	
Total noncurrent assets	<u>3,400</u>	<u>-</u>
Total assets	<u>3,895</u>	<u>21,036</u>
<b>Liabilities:</b>		
Current:		
Accounts payable and accrued liabilities	20	457
Due to other funds	1	
Total current liabilities	<u>21</u>	<u>457</u>
Noncurrent:		
Due within one year:		
Risk management claims		5,840
Total liabilities	<u>21</u>	<u>6,297</u>
<b>Net Position:</b>		
Invested in capital assets	3,400	
Unrestricted	<u>474</u>	<u>14,739</u>
<b>Total Net Position</b>	<u>\$ 3,874</u>	<u>\$ 14,739</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, 2017**  
(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service</b>
Operating revenues:		
Employer contributions	\$	\$ 33,237
Charges for services	342	6,905
Other		439
Total operating revenues	<u>342</u>	<u>40,581</u>
Operating expenses:		
Health and welfare	279	
Depreciation	49	
Insurance premiums and claims expense		40,614
Total operating expenses	<u>328</u>	<u>40,614</u>
Operating income (loss)	14	(33)
Nonoperating revenue:		
Interest income	<u>1</u>	
Income (loss) before capital contributions and transfers	<u>15</u>	<u>(33)</u>
Capital contributions and transfers:		
Capital contributions	5	
Transfers out	(100)	
Total capital contributions and transfers	<u>(95)</u>	<u>-</u>
Change in Net Position	(80)	(33)
Total Net Position at Beginning of Year	<u>3,954</u>	<u>14,772</u>
Total Net Position at End of Year	<u>\$ 3,874</u>	<u>\$ 14,739</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, 2017**  
(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service</b>
Cash flows from operating activities:		
Cash received from contributions and charges for services	\$ 342	\$ 40,582
Cash paid to employees	(227)	
Cash paid to vendors	(55)	
Cash payments for claims paid		(39,870)
Net cash provided by (used in) operating activities	<u>60</u>	<u>712</u>
Cash flows to/from noncapital financing activities:		
Transfers to/from other funds	<u>(100)</u>	
Cash flows from investing activities:		
Interest and dividends received	<u>1</u>	
Net increase (decrease) in cash and cash equivalents	(39)	712
Cash and Cash Equivalents at Beginning of Year	<u>510</u>	<u>20,090</u>
Cash and Cash Equivalents at End of Year	<u>\$ 471</u>	<u>\$ 20,802</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 14	\$ (33)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	49	
(Increase) decrease in accounts receivable	(24)	29
(Increase) decrease in due from other funds	24	(28)
Increase (decrease) in accounts payable and accrued liabilities	(4)	744
Increase (decrease) in due to other funds	<u>1</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 60</u>	<u>\$ 712</u>
Noncash investing activities:		
Capital asset transfer	<u>\$ 5</u>	<u>\$ -</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, 2017**  
(In Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ <u>4,768</u>	\$ <u>1,822</u>
<b>Investments:</b>		
Certificate of deposits		75
Corporate bonds	33,698	
U.S. government securities	4,859	
U.S. government agencies	12,403	
Marketable equity securities	119,410	
Alternative investments	121,282	
Mutual funds	43,197	
Total investments	<u>334,849</u>	<u>75</u>
Total assets	<u>339,618</u>	\$ <u><u>1,909</u></u>
<b>Liabilities:</b>		
Accounts and other payables	68	\$
Due to employees and students	<u>        </u>	<u>1,909</u>
Total liabilities	<u>68</u>	\$ <u><u>1,909</u></u>
<b>Net Position:</b>		
Restricted for Pension and OPEB Benefits	\$ <u><u>339,550</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, 2017**

(In Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>
Additions:	
Contributions:	
Plan members	\$ 2,736
Employer-current year	12,367
Employer-additional	<u>1</u>
Total contributions	<u>15,104</u>
Miscellaneous	<u>23</u>
Investment income (loss):	
Net change in fair value of investments	27,803
Interest and dividends	<u>10,881</u>
Total investment income	38,684
Less investment expense	<u>2,937</u>
Net investment income	<u>35,747</u>
Total additions	<u>50,874</u>
Deductions:	
Benefit payments and withdrawals	31,381
Administration	<u>47</u>
Total deductions	<u>31,428</u>
Change in Net Position	19,446
Net Position at Beginning of Year	<u>320,104</u>
Net Position at End of Year	<u>\$ 339,550</u>

The accompanying notes are an integral part of the financial statements

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **A. Reporting Entity**

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

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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



**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**(In Thousands)**

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

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

The City reports the following major governmental funds:

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

The 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 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.

Additionally, the City reports the following fund types:

The Enterprise Funds account for the operations that are financed through user charges. The nonmajor Enterprise Funds include the Milford Golf Course and the Harbor Management.

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

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

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

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.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**(In Thousands)**

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.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**(In Thousands)**

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 \$1.038 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 acquisition 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 and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

**(In Thousands)**

## **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 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. Net Pension Liability**

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

## **L. Net OPEB Obligation**

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

## **M. 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."

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**(In Thousands)**

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. The Board of Aldermen is required to vote upon and approve a resolution to establish, modify or rescind a fund balance commitment.

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

**N. Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**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

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**(In Thousands)**

budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Additional appropriations of \$405 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 GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City reports on-behalf contributions made by the State of Connecticut to the Connecticut State Teachers' Retirement System as revenue and expenditures for GAAP purposes.
- At the end of each fiscal year, the Board of Education's summer payroll is charged to the subsequent year's budget. As these expenditures should be accrued, this adjustment is necessary to properly record expenditures on a GAAP basis.
- Bond refunding transactions are reported on a GAAP basis, but not on budgetary basis.

**B. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2017:

	<u><b>Amount</b></u>
Major:	
Capital Nonrecurring Fund	\$ 5,170
School Facilities Fund	10,630
Nonmajor:	
School Renovations	957
Sanitary Sewer Fund	2,366

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

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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(In Thousands)

**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*, \$32,430 of the City’s bank balance of \$36,543 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	28,786
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name		<u>3,644</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>32,430</u></u>



**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

**Cash Equivalents**

At June 30, 2017, the City's cash equivalents amounted to \$69,692. 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.

	<b>Standard &amp; Poor's</b>
State Short-Term Investment Fund (STIF)	AAA/m

**Investments**

As of June 30, 2017, the City had the following investments:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Investment Maturities (Years)</b>		
			<b>Less Than 1</b>	<b>1 - 10</b>	<b>More Than 10</b>
Interest-bearing investments:					
U.S. Government Agencies	NR	\$ 12,403	\$	\$ 212	\$ 12,191
U.S. Government	AAA	4,859		2,726	2,133
Corporate bonds	Aaa-Aa3	2,461		1,020	1,441
Corporate bonds	A1-A3	4,955	1,052	1,766	2,137
Corporate bonds	Baa1-Baa3	14,748	1,088	11,917	1,743
Corporate bonds	Ba1-Ba3	6,983		6,977	6
Corporate bonds	B1-B3	1,827		1,827	
Corporate bonds	NR	2,724		2,313	411
Certificates of deposit	*	3,193		3,193	
Total		54,153	\$ <u>2,140</u>	\$ <u>31,951</u>	\$ <u>20,062</u>
Other investments:					
Equities		119,410			
Alternative investments		121,282			
Mutual funds		43,197			
Total Investments		\$ <u>338,042</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(In Thousands)

**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, 2017, 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.

**Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2017:

	<b>June 30, 2017</b>	<b>Fair Value Measurement</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
U.S. Government agencies	\$ 12,403	\$ 12,403	\$	\$
U.S. Government securities	4,859	4,859		
Corporate bonds	33,698	33,698		
Equity securities	119,410	119,410		
Alternative investments	28,287		27,383	904
Mutual funds	43,197	43,197		
Total investments by fair value level	241,854	\$ 213,567	\$ 27,383	\$ 904
Investments measured at net asset value (NAV):				
Alternative Investments	92,995			
Certificates of deposit	3,193			
Total Investments	\$ 338,042			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The alternative investments classified in Level 3 are not actively traded, and significant observable inputs are not available; therefore, a degree of judgment is necessary to estimate fair value. The valuation process for alternative investments takes into consideration factors such as interest rate changes, movement in credit spreads, default rate assumptions, prepayment assumptions, type and quality of collateral and market dislocation.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equity Hedge Funds	\$ 21,349		Quarterly	45 days
Equity Hedge Funds	19,345		Quarterly	60 days
Equity Hedge Funds	19,694		Annually	60 days
Equity Hedge Funds	13,073		Quarterly	90 days
Equity Hedge Funds	4,738		Monthly	185 days
Equity Hedge Funds	<u>14,796</u>		N/A	

Total Investments Valued at NAV \$ 92,995

**Equity Hedge Funds**

This type includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.

**4. RECEIVABLES**

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

	<u>General</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor and Aggregate Remaining Funds</u>	<u>Total</u>
Receivables:				
Taxes and interest	\$ 12,984	\$	\$	\$ 12,984
Accounts	273		629	902
Special assessments	25			25
Intergovernmental	<u>2</u>	<u>885</u>	<u>460</u>	<u>1,347</u>
Gross receivables	13,284	885	1,089	15,258
Less allowance for uncollectibles:	<u>(1,038)</u>			<u>(1,038)</u>
Net Total Receivables	\$ <u><u>12,246</u></u>	\$ <u><u>885</u></u>	\$ <u><u>1,089</u></u>	\$ <u><u>14,220</u></u>

The above table does not include interest on sewer assessments of \$95.

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(In Thousands)

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 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	\$ 42,422	\$ 3,176	\$	\$	\$ 45,598
Construction in progress	<u>142,252</u>	<u>21,133</u>	<u>(9)</u>	<u>(25,126)</u>	<u>138,250</u>
Total capital assets not being depreciated	<u>184,674</u>	<u>24,309</u>	<u>(9)</u>	<u>(25,126)</u>	<u>183,848</u>
Capital assets being depreciated:					
Buildings and improvements	173,579	19		25,121	198,719
Improvements other than buildings	7,970	9			7,979
Machinery and equipment	44,106	4,183	(1,284)		47,005
Infrastructure	<u>102,318</u>				<u>102,318</u>
Total capital assets being depreciated	<u>327,973</u>	<u>4,211</u>	<u>(1,284)</u>	<u>25,121</u>	<u>356,021</u>
Less accumulated depreciation for:					
Buildings and improvements	(66,616)	(2,832)			(69,448)
Improvements other than buildings	(1,742)	(122)			(1,864)
Machinery and equipment	(30,829)	(1,463)	1,284		(31,008)
Infrastructure	<u>(47,122)</u>	<u>(989)</u>			<u>(48,111)</u>
Total accumulated depreciation	<u>(146,309)</u>	<u>(5,406)</u>	<u>1,284</u>	<u>-</u>	<u>(150,431)</u>
Total capital assets being depreciated, net	<u>181,664</u>	<u>(1,195)</u>	<u>-</u>	<u>25,121</u>	<u>205,590</u>
Governmental Activities Capital Assets, Net	<u>\$ 366,338</u>	<u>\$ 23,114</u>	<u>\$ (9)</u>	<u>\$ (5)</u>	<u>\$ 389,438</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,654	\$	\$	\$	\$ 1,654
Capital assets being depreciated:					
Buildings and system	868			5	873
Improvements other than buildings	1,230				1,230
Machinery and equipment	<u>693</u>				<u>693</u>
Total capital assets being depreciated	<u>2,791</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>2,796</u>
Less accumulated depreciation for:					
Buildings and system	(318)	(26)			(344)
Improvements other than buildings	(170)	(7)			(177)
Machinery and equipment	<u>(513)</u>	<u>(16)</u>			<u>(529)</u>
Total accumulated depreciation	<u>(1,001)</u>	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>(1,050)</u>
Total capital assets being depreciated, net	<u>1,790</u>	<u>(49)</u>	<u>-</u>	<u>5</u>	<u>1,746</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,444</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 3,400</u>

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	115
Administration		184
Public safety		954
Public service		2,122
Education		1,748
Health and welfare		207
Grants to agencies		<u>67</u>
Total Depreciation Expense - Governmental Activities	\$	<u>5,406</u>
Business-type activities:		
Milford Golf Course	\$	29
Harbor Management		<u>20</u>
Total Depreciation Expense - Business-Type Activities	\$	<u>49</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. Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions. At June 30, 2017, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Nonrecurring	General Fund	\$ 347
General Fund	Nonmajor Governmental	346
General Fund	School Facilities	8
General Fund	Capital Nonrecurring	472
General Fund	Harbor Management	1
Internal Service	Nonmajor Governmental	110
Internal Service	General Fund	54
Nonmajor Governmental	General Fund	<u>1,201</u>
Total		\$ <u>2,539</u>

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

Interfund transfers:

	<b>Transfers In</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Nonrecurring</b>	<b>Nonmajor Governmental</b>	<b>Transfers Out</b>
Transfers out:				
General Fund	\$	\$ 788	\$ 658	\$ 1,446
Harbor Management		100		100
Nonmajor Governmental	44	812		856
Total	\$ 44	\$ 1,700	\$ 658	\$ 2,402

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, 2017 amounted to \$129,150 with interest rates ranging from 2.5% to 5.0% on bonds maturing at various dates through the year 2036. Grants receivable to offset future City principal payments totaled \$99 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$81,508 at June 30, 2017. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 121,805	\$ 16,440	\$ 9,095	\$ 129,150	\$ 9,905
Bond premium	7,078	736	590	7,224	
Total bonds payable	128,883	17,176	9,685	136,374	9,905
Long-term note payable	31,154		2,188	28,966	2,232
Claims and judgments	5,286	40,615	40,061	5,840	5,840
Compensated absences	14,279	5,066	935	18,410	1,197
Net pension liability	75,158		4,934	70,224	
Net OPEB obligation	144,624	11,350		155,974	
Total Governmental Activities					
Long-Term Liabilities	\$ 399,384	\$ 74,207	\$ 57,803	\$ 415,788	\$ 19,174

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

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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>
2018	\$ 9,905	\$ 4,430	\$ 14,335
2019	9,770	4,077	13,847
2020	9,600	3,705	13,305
2021	9,215	3,325	12,540
2022	9,045	2,923	11,968
2023-2027	40,935	9,543	50,478
2028-2032	30,040	3,862	33,902
2033-2037	<u>10,640</u>	<u>591</u>	<u>11,231</u>
<b>Total</b>	<b>\$ <u>129,150</u></b>	<b>\$ <u>32,456</u></b>	<b>\$ <u>161,606</u></b>

**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>
2018	\$ 2,232	\$ 554	\$ 2,786
2019	2,278	513	2,791
2020	2,324	466	2,790
2021	2,370	420	2,790
2022	2,418	373	2,791
2023-2027	12,545	1,115	13,660
2028-2029	<u>4,799</u>	<u>96</u>	<u>4,895</u>
<b>Total</b>	<b>\$ <u>28,966</u></b>	<b>\$ <u>3,537</u></b>	<b>\$ <u>32,503</u></b>

**Prior Year Defeasance of Debt**

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2017 is \$22,605 and the escrow balance is \$22,625.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

**Bond Anticipation Notes**

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2017.

	<u>Amount</u>
Notes payable, July 1, 2016	\$ 15,675
Notes issued	29,985
Notes retired	<u>(20,785)</u>
Notes Payable, June 30, 2017	<u>\$ 24,875</u>

During the year, the City issued \$14,860 in notes dated November 7, 2016, of which \$5,110 matured on May 5, 2017 and carried an interest rate of 1.75% and \$9,750 will mature on November 6, 2017 with an interest rate of 2.0%. The City also issued notes on May 5, 2017 in the amount of \$15,125 with a maturity date of November 6, 2017 and interest rate of 1.5%. These notes serve as temporary financing for various general purpose, school and sewer projects.

**Other Obligations**

At June 30, 2017, 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	\$ 406,339	\$ 92,727	\$ 313,612
Schools	812,678	81,516	731,162
Sewers	677,231	90,158	587,073
Urban renewal	586,934		586,934
Pension deficit	541,785		541,785

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,264,165).

The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued of \$81,508 against which bond anticipation notes are issued and outstanding. School indebtedness is net of \$99 of State of Connecticut school building grant commitments.



**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

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**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 FY2017, the City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability and Educators' Liability were insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$-0- for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$1,000. The Board of Education insures its Workers' Compensation with CIRMA.

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

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

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

The claims liability reported in the Internal Service Fund at June 30, 2017 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

	<u>Liability</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
06/30/16	\$ 266	\$ 1,199	\$ 1,257	\$ 208
06/30/17	208	1,293	1,306	195

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

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

The General Fund and/or the Property and Casualty Self Insurance Fund will be used to cover any uninsured risks of loss.

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

Changes in the claims liability for the years ended June 30, 2017 and 2016 were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/16	\$ 2,552	\$ 970	\$ 947	\$ 2,575
06/30/17	2,575	1,888	1,398	3,065

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, 2017, the annual limit on individual medical claims chargeable to the Fund is \$100,000. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes General Fund contributions to the Health Insurance Fund based on budgeted amounts, which, in conjunction with estimated Grant contributions, total the year's estimated expected losses. Employee and applicable retirees under age 65 also make contributions to the fund through premium cost share. The City and Board of Education did not have any claims that exceeded insurance coverage in the past three years.

Changes in the claims liability for the years ended June 30, 2017 and 2016 were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/16	\$ 2,140	\$ 36,039	\$ 35,676	\$ 2,503
06/30/17	2,503	37,433	37,356	2,580

## **9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Plan Descriptions and Benefits Provided**

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

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

Benefits vest after 10 years for General City members (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers); there is no vesting for Police and Fire members. Except for Police and Fire, members who retire after age 60 with 10 years of service (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers) or the age at which the sum of age and service equal 80 (79 for non-represented members and Board of Education Contract Secretaries) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% or 2-1/4% of their final

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**(In Thousands)**

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, 2016:

	<b>City of Milford Retirement System</b>
Retirees and beneficiaries receiving benefits	781
Terminated employees entitled to benefits but not yet receiving them	27
Active plan members	695
Total	<u>1,503</u>

**Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**Plan Changes**

The City benefits reflect the 2012 ad-hoc COLA that was approved effective May 1, 2013. The change increased the City cost about \$140,000 (not rounded).

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

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**A. City of Milford Retirement System**

General City members are required to contribute 2.25% of annual compensation up to \$4,200 (not rounded) plus 5% of compensation in excess of \$4,200 (not rounded) (4% of compensation in excess of \$4,200 (not rounded) for MEA and MSA members and non-represented members with 15 or more years of service). Fire employees hired on or before January 31, 2015 shall contribute 8% of annual salary; upon reaching 15 years of service, the contribution requirement is 7% and at the 25-year contribution is 6%. Fire employees hired on or after February 1, 2015 shall contribute 10%. Police employees hired prior to February 2, 1995 are required to contribute 5% of annual salary; at 20 years of service contribution is 4.5%. Police employees hired on or after February 2, 1995 but prior to November 22, 2014 are required to contribute 8%. Police employees hired on or after November 22, 2014 are required to contribute 10%. The contributions by employees are determined by collective bargaining. The City is required by ordinance to contribute the remaining amounts necessary to provide benefits for the members.

**Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap Equity	25.00%
U.S. 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, 2017, 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.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

---

**(In Thousands)**

**Net Pension Liability**

The components of the net pension liability at June 30, 2017, were as follows:

Total pension liability	\$	403,718
Plan fiduciary net position		<u>333,494</u>
Net pension liability	\$	<u><u>70,224</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension		82.61%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Age related table
Investment rate of return	7.50%
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1989 - 3%/annum

Mortality rates were based on RP-2014 adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2016. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2011.

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**(In Thousands)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was changed from 8.0% since the prior measurement date.

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2016	\$ 390,270	\$ 315,112	\$ 75,158
Changes for the year:			
Service cost	7,979		7,979
Interest on total pension liability	29,924		29,924
Differences between expected and actual experience	14		14
Changes in assumptions	248		248
Employer contributions		5,203	(5,203)
Member contributions		2,736	(2,736)
Net investment income (loss)		35,184	(35,184)
Benefit payments, including refund to employee contributions	(24,717)	(24,717)	-
Administrative expenses		(47)	47
Other changes		23	(23)
Net changes	13,448	18,382	(4,934)
Balances as of June 30, 2017	\$ 403,718	\$ 333,494	\$ 70,224

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City Net Pension Liability	\$ 116,022	\$ 70,224	\$ 31,846

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

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

For the year ended June 30, 2017, the City recognized pension expense of \$23,405. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11	\$ 1,790
Changes of assumptions	8,874	
Net difference between projected and actual earnings on pension plan investments	<u>19,999</u>	
Total	<u>\$ 28,884</u>	<u>\$ 1,790</u>

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

**Year Ending June 30,**

2018	\$ 11,973
2019	11,973
2020	5,384
2021	(2,236)

**B. State of Connecticut Police and Fire Survivors' Plan**

The City makes monthly contributions to the State Survivors' Plan based upon an amount invoiced by the State. The State Survivors' Plan makes monthly payments to the surviving spouses of police and fire retirees. The City has no information concerning payments made by or the funding status of this plan. City contributions for the year ended June 30, 2017 were \$440.

**C. Connecticut State Teachers' Retirement System**

**Plan Description**

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



**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

---

**(In Thousands)**

**Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**Disability Retirement**

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

**Contributions**

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

*Employer (School Districts)*

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

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

*Employees*

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

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

---

(In Thousands)

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

At June 30, 2017, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>180,837</u>
Total	\$ <u>180,837</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the City recognized pension expense and revenue of \$19,721 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**(In Thousands)**

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

### **Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

---

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information**

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

**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 (amounts not rounded):

Pre-65:	
General City	\$11,009 per year
Fire	\$10,751 per year
Police	\$10,751 per year
Post-65:	
BC 65 Low Option	\$1,532 per year
Plan 82	\$2,632 per year
Medicare Part B:	
Actives	\$1,462 per year
Retirees	\$1,259 per year

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(In Thousands)**

---

**Board of Education**

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

**Teachers**

Prior to age 65 retiree and spouse pay full premium minus the Teachers' Retirement Board subsidy (eligible if receiving a retirement allowance from the Teacher's Retirement Board). Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy. Effective September 1, 2014, Board of Education pays the premium for insurance obtained through the Teachers' Retirement Board for the participant only. No coverage is offered to spouses. Coverage may be obtained through the Teachers' Retirement Board or other sources.

**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. If employee was hired on or after December 31, 2011, retiree and spouse pay full premium until age 65. If hired on or after September 1, 2015, post 65 coverage is for retired employees only.

**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. For administrators hired on July 1, 2010 or later who retire before age 65, retiree and spouse pay the full premium minus the Teachers' Retirement Board Subsidy until Age 65. At age 65, there is no cost to the retiree or spouse for medical insurance. Effective July 1, 2016, the Board of Education pays the premium for insurance obtained through the Teachers' Retirement Board for the retiree and spouse. Retirement date on or after July 1, 2010, retiree and spouse must pay for dental coverage, regardless of age.

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

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(In Thousands)

Health care costs are as follows (amounts not rounded):

Pre-65 (for current active members who retire):	<u>As of July 1, 2016:</u>
Board of Ed-Café	\$11,135 per year
Board of Ed-Cust	\$11,135 per year
Board of Ed-Sec	\$10,852 per year
Board of Ed-Para	\$10,852 per year
Administrators	\$10,830 per year
Teachers	\$10,852 per year
Pre-65 (for current retirees who are under 65):	
Based on plan selected	
Post-65 (for current active members who retire and current retirees who are over 65):	<u>As of 1/1/17:</u>
Plan 82 only	\$1,022 per year
Hi Option with Plan 82 and Major Medical (\$50,000)	\$4,896 per year
Hi Option with Plan 82 and Major Medical (\$250,000)	\$5,023 per year
Hi Option with Plan 82 and No Rx	\$2,376 per year
Plan F with Rx	\$7,864 per year
Medicare Part B:	
Retirees	\$1,608 per year
Post-65 (for current retirees who are under 65):	
Based on plan selected - Dental plan	\$547 per year

**B. Membership**

Membership in the plan consisted of the following at July 1, 2016:

	<u>Board of Education Retiree Medical Benefit Plan</u>	<u>City of Milford Retiree Medical Benefit Plan</u>
Number of retirees and eligible surviving spouses	567	808
Number of active participants	999	695
Total	<u>1,566</u>	<u>1,503</u>

**C. Description of Actuarial Assumptions and Methods**

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

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

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

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Plan</b>
Actuarial valuation date	July 1, 2016	July 1, 2016
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	4.0%/annum	2.75%/annum
Projected salary increases	2.75%/annum	n/a

**Medical Trend Rates**

**Board of Education and City Retirees**

7.75% in 2016, reducing by 0.5% each year to a final 4.75% per year rate for 2022 and later for pre-age 65 plans. 9% in 2014, reducing by 0.5% each year to a final 5% per year rate for 2022 and later for post-age 65 plans.

**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.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

**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:

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Benefit Plan</b>
Annual required contribution	\$ 13,902	\$ 12,321
Interest on net OPEB obligation	4,053	3,178
Adjustment to annual required contribution	(5,023)	(3,937)
Annual OPEB cost	12,932	11,562
Contribution made	5,980	7,164
Increase in net OPEB obligation	6,952	4,398
Net OPEB obligation, July 1, 2016	81,073	63,551
Net OPEB obligation, June 30, 2017	<u>\$ 88,025</u>	<u>\$ 67,949</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 is presented below.

	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
<b>Board of Education</b>				
6/30/15	\$ 14,012	\$ 5,094	36.4%	\$ 73,228
6/30/16	12,804	4,959	38.7%	81,073
6/30/17	12,932	5,980	46.2%	88,025
<b>City</b>				
6/30/15	11,810	6,498	55.0%	59,242
6/30/16	11,395	7,086	62.0%	63,551
6/30/17	11,562	7,164	62.0%	67,949



**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

**Schedule of Employer Contributions**

<b>Board of Education</b>		
<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
6/30/12	\$ 13,698	29.0%
6/30/13	14,383	26.0
6/30/14	14,507	23.6
6/30/15	14,781	34.5
6/30/16	13,680	36.2
6/30/17	13,902	43.0

<b>City</b>		
<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
6/30/12	\$ 14,081	57.6%
6/30/13	14,785	43.4
6/30/14	12,248	52.3
6/30/15	12,455	52.2
6/30/16	12,103	53.5
6/30/17	12,321	58.1

**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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll ((b-a)/c)</b>
7/1/12	\$ 2,232	\$ 129,798	\$ 127,565	1.72%	\$ 34,856	366.0%
7/1/14	4,090	126,084	121,994	3.24%	35,442	344.0%
7/1/16	4,992	171,096	166,104	2.92%	37,257	445.8%

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

**Board of Education**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll ((b-a)/c)</b>
7/1/12	\$ -	\$ 142,358	\$ 142,358	-	\$ 61,276	232.3%
7/1/14	-	145,420	145,420	-	57,803	251.6%
7/1/16	-	184,124	184,124	-	61,691	298.5%

**E. Financial Reporting**

In Accordance with GASB Statement No. 74, *Financial Reporting by OPEB Plans*, the following disclosures are required for the City of Milford's Retiree Medical Benefit Plan.

**Investments**

**Investment Policy**

The City's Retiree Healthcare Trust's (OPEB Trust) policy in regard to the allocation of invested assets is established and may be amended by the Retiree Healthcare Trust by a majority vote of its members. It is the policy of the Board of Trustees for the Retiree Healthcare Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of asset classes or mutual funds. The Retiree Healthcare Trust's investment policy 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, 2017:

<b>Asset Class</b>	<b>Target Allocation</b>
U.S. Large Cap Equity	25.00%
U.S. Mid/Small Cap Equity	17.00%
International Developed Equity	10.00%
International Emerging Market Equity	8.00%
Core Fixed Income	10.00%
High Yield Fixed Income	5.00%
International Fixed Income	5.00%
Inflation Adjusted Fixed Income	5.00%
Cash	3.00%
Commodities	2.00%
Other (REITs, Alternative Assets, etc.)	10.00%
	<b>100.00%</b>

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 10.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

**Net OPEB Liability of the Town**

During the year, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the City at June 30, 2017, were as follows:

		<b>City of Milford Retiree Medical Benefit Plan</b>
Total OPEB liability	\$	188,309
Plan fiduciary net position		<u>6,056</u>
Net OPEB Liability	\$	<u><u>182,253</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		3.22%

The City's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Investment rate of return	3.74%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.75% for 2016, decreasing 0.5% per year to an ultimate rate of 4.75% for 2022 and later years

Mortality rates for the City were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016. Fire and Police were based on the RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2016.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2011.

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(In Thousands)

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Large Cap Equity	4.65%
U.S. Mid/Small Cap Equity	5.50%
International Developed Equity	5.50%
International Emerging Market Equity	6.50%
Core Fixed Income	2.25%
High Yield Fixed Income	3.25%
International Fixed Income	2.00%
Inflation Adjusted Fixed Income	2.00%
Cash	0.00%
Commodities	5.25%
Other (REITs, Alternative Assets, etc.)	5.00%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.74%, down from 4.25% in the prior year. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.74%) or 1 percentage point higher (4.74%) than the current discount rate:

	<b>1% Decrease (2.74%)</b>	<b>Current Discount Rate (3.74%)</b>	<b>1% Increase (4.74%)</b>
City Net OPEB Liability	\$ 209,695	\$ 182,253	\$ 160,050

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

(In Thousands)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.75% decreasing to 3.75%) or 1 percentage point higher (8.75% decreasing to 5.75%) than the current healthcare cost trend rates:

		<b>1% Decrease (6.75% decreasing to 3.75%)</b>	<b>Healthcare Cost Trend Rates (7.75% decreasing to 4.75%)</b>	<b>1% Increase (8.75% decreasing to 5.75%)</b>
City Net OPEB Liability	\$	156,657	\$	214,722

**11. PENSION AND OPEB TRUST FUNDS COMBINING SCHEDULES**

**Combining Schedule of Net Position - Trust Funds**

	<b>Pension Trust Funds</b>	<b>City OPEB Trust Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,735	\$ 33	\$ 4,768
<b>Investments:</b>			
Corporate bonds	33,698		33,698
U.S. government securities	4,859		4,859
U.S. government agencies	12,403		12,403
Marketable equity securities	119,410		119,410
Alternative investments	121,282		121,282
Mutual funds	37,174	6,023	43,197
Total investments	328,826	6,023	334,849
Receivables	1		1
Total assets	333,562	6,056	339,618
<b>Liabilities:</b>			
Accounts and other payables	68		68
<b>Net Position:</b>			
Restricted for Retirement Benefits	\$ 333,494	\$ 6,056	\$ 339,550

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(In Thousands)

**Combining Schedules of Changes in Net Position - Trust Funds**

	<b>Pension Trust Funds</b>	<b>City OPEB Trust Fund</b>	<b>Total</b>
Additions:			
Contributions:			
Plan members	\$ 2,736	\$	\$ 2,736
Employer-current year	5,203	7,164	12,367
Employer-additional		1	1
Total contributions	<u>7,939</u>	<u>7,165</u>	<u>15,104</u>
Miscellaneous	<u>23</u>		<u>23</u>
Investment income (loss):			
Net change in fair value of investments	27,279	524	27,803
Interest and dividends	<u>10,825</u>	<u>56</u>	<u>10,881</u>
	<u>38,104</u>	<u>580</u>	<u>38,684</u>
Less investment expense	<u>2,920</u>	<u>17</u>	<u>2,937</u>
Net investment gain (loss)	<u>35,184</u>	<u>563</u>	<u>35,747</u>
Total additions	<u>43,146</u>	<u>7,728</u>	<u>50,874</u>
Deductions:			
Benefit payments and withdrawals	24,717	6,664	31,381
Administration	<u>47</u>		<u>47</u>
Total deductions	<u>24,764</u>	<u>6,664</u>	<u>31,428</u>
Net Change	18,382	1,064	19,446
Net Position at Beginning of Year	<u>315,112</u>	<u>4,992</u>	<u>320,104</u>
Net Position at End of Year	<u>\$ 333,494</u>	<u>\$ 6,056</u>	<u>\$ 339,550</u>

**CITY OF MILFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(In Thousands)

**12. FUND BALANCE**

Significant encumbrances at June 30, 2017 are contained in the table below in both the assigned and committed categories of the General Fund.

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 23	\$ 23
Prepays	21				21
Restricted for:					
Grants				360	360
Committed to:					
Compensated absences	1,383				1,383
Sewer operations				3,844	3,844
General government				4,762	4,762
Education				1,746	1,746
Debt service				3,563	3,563
Community development				34	34
Assigned to:					
Subsequent year's budget	5,000				5,000
Debt service	717				717
Encumbrances:					
General government	461				461
Public safety	473				473
Public services	274				274
Health and welfare	26				26
Education	2,797				2,797
Unassigned	<u>25,605</u>	<u>(5,170)</u>	<u>(10,630)</u>	<u>(3,323)</u>	<u>6,482</u>
Total Fund Balances	\$ <u>36,757</u>	\$ <u>(5,170)</u>	\$ <u>(10,630)</u>	\$ <u>11,009</u>	\$ <u>31,966</u>

Major encumbrances are reported in the assigned fund balance of the General Fund of \$4,031.

**13. COMMITMENTS AND CONTINGENCIES**

On December 2, 2014, the City of Milford and Milford Power Company, LLC (the MPC) agreed to extend their existing Property Tax Payment Agreement for a term of 10 years. The initial agreement was the result of an assessment appeal of the Grant Lists of 2001, 2002, 2003 and 2004. Originally, 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. The original agreement called for payments to 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 were \$1,750,000 for each six-month period from July 2011 through January 2015.

**CITY OF MILFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**(In Thousands)**

The new agreement calls for annual payments of \$4,700,000. Payments of \$2,350,000 are to be made in January and July of each year starting on July of 2015 and running through January of 2025. The payments are based on an assessment of \$172,667,000 and a stabilized mill rate of 27.22mills. MPC is up to date with all of its payments.

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: June 30, 2010 - \$ 500,000; May 1, 2011 - \$2,500,000; May 1, 2012 - \$3,000,000; May 1, 2013 through May 1, 2040 - \$2,025,000. GenConn is up to date with all their payments.

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

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

#### **14. SUBSEQUENT EVENTS**

On October 25, 2017, the City issued \$18,735 of general obligation bonds with interest rates varying from 3.00% to 5.00% and maturity date November 1, 2037. In addition, the City issued \$23,795 of bond anticipation notes dated November 6, 2017 maturing November 5, 2018. The bond anticipation notes carry an interest rate of 2.25%.

On December 6, 2017, the City issued \$13,130 of general obligation refunding bonds with interest rates varying from 3.00% to 5.00% and maturity date November 1, 2033. These bonds were issued to refinance the City's general obligations bonds dated November 1, 2010, November 1, 2011 and November 12, 2013.

On November 15, 2017, the City entered into a capital lease agreement with a third party for a micro grid generation system which will power certain critical facilities in the City. The total value of the capital lease agreement is \$1,604 with annual lease payments through 2033 at an interest rate of 3.595%.



**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, 2017**

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General Property Taxes and Assessments:				
Current taxes	\$ 173,821	\$ 173,821	\$ 176,453	\$ 2,632
Personal property audit	100	100	1	(99)
Prior year's levies	1,100	1,100	2,886	1,786
Flood and erosion assessments	10	10	86	76
Suspense collections	10	10	18	8
Total general property taxes and assessments	<u>175,041</u>	<u>175,041</u>	<u>179,444</u>	<u>4,403</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,000</u>	<u>1,000</u>	<u>1,624</u>	<u>624</u>
Federal, State and Local Governments:				
Education cost sharing	11,232	11,232	10,868	(364)
State realty in lieu of tax	195	195	195	-
Pequot State Aid	381	381	381	-
Elderly tax credit	417	417	439	22
Total disability exemptions			6	6
PILOT - private exemptions	420	420	420	-
Veteran grants	158	158	147	(11)
School debt - interest	10	10	9	(1)
School debt - principal	194	194	162	(32)
Telephone access grant	95	95	115	20
Property tax relief	1,881	1,881	1,881	-
Shellfish Taxes	2	2	2	-
State aid for health	67	67	49	(18)
OTB Wagering Share	70	70	89	19
Total federal, state and local government	<u>15,122</u>	<u>15,122</u>	<u>14,763</u>	<u>(359)</u>
Investment Income:				
Investments in idle funds	50	50	303	253
Rental of other property	45	45	53	8
Total investment income	<u>95</u>	<u>95</u>	<u>356</u>	<u>261</u>
Other Revenue:				
Rental of school property	12	12	9	(3)
Tuition from others			4	4
PILOT - Water Authority	465	465	461	(4)
Power Plant Settlement	4,700	4,700	4,700	-
Genconn PT	2,025	2,025	2,025	-
Miscellaneous other revenues	4	4	215	211
Inland wetland fees	5	5	23	18
Total other revenue	<u>7,211</u>	<u>7,211</u>	<u>7,437</u>	<u>226</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, 2017**

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Licenses, Permits and Other Charges:				
Devices and amusements	\$ 18	\$ 18	\$ 21	\$ 3
Vending permits	9	9	19	10
Disposal area licenses	45	45	53	8
Recording documents	323	323	395	72
Conveyance tax	700	700	903	203
General copying fees	74	74	74	-
Fire Department fees	2	2	1	(1)
Paramedic fees	200	200	575	375
Building inspection fees	620	620	770	150
Fingerprinting	10	10	10	-
Police fines and forfeits	20	20	16	(4)
False alarm fees	17	17	30	13
Street opening permits	14	14	30	16
Engineering fees	11	11	11	-
Residential waste fees	85	85	170	85
Health inspection fees	75	75	75	-
Planning and zoning fees	32	32	37	5
Zoning appeals fees	6	6	7	1
Recreation fees	53	53	57	4
Walnut Beach parking	17	17	69	52
Parking fines judicial	7	7	6	(1)
Vehicle violations judicial	20	20	21	1
Mobile fee	3	3	3	-
Sewer assessments	21	21	72	51
Animal shelter redemption	5	5	11	6
Dog Fund - City share	8	8	8	-
Recycling revenues	100	100	120	20
PILOT - Federal payments	1	1	1	-
Sticker fees			1	1
Total licenses, permits and other charges	<u>2,496</u>	<u>2,496</u>	<u>3,566</u>	<u>1,070</u>
Total revenues	<u>200,965</u>	<u>200,965</u>	<u>207,190</u>	<u>6,225</u>
Other financing sources:				
Transfer in			44	44
Use of fund balance	3,500	3,905		(3,905)
Sale of capital assets			10	10
Total other financing sources	<u>3,500</u>	<u>3,905</u>	<u>54</u>	<u>(3,851)</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>204,465</u>	\$ <u>204,870</u>	207,244	\$ <u>2,374</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	19,721
Premium on bond issuance	736
Encumbrances for purchases and commitments that were subsequently cancelled in the next fiscal year	<u>(34)</u>

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

\$ 227,667

**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, 2017**  
**(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	\$ 5	\$ 1
Elections	130	119	87	32
Registrar of Voters	154	167	164	3
Milford Govt Access Television	16	16	16	-
Mayor's Office	272	287	286	1
General expenses	460	449	364	85
Community Development Department	112	121	120	1
City Clerk	369	403	399	4
Law Department	607	654	621	33
Ethics Commission	1	1		1
Probate Court	18	18	18	-
Board of Finance	1	1	1	-
Planning and Zoning Board	998	1,079	970	109
Board of Tax Review	10	10	5	5
Board of Zoning Appeals	9	9	8	1
Pension Board	4	4	3	1
Flood and Erosion Board	1	1	1	-
Tree Commission	2	2	2	-
Park and Recreation Commission	1	1		1
Conservation Commission	1	1	1	-
Flower memorial commission	6	6	4	2
Open Space	56	61	61	-
Public library	1,095	1,180	1,140	40
Total general government	<u>4,329</u>	<u>4,596</u>	<u>4,276</u>	<u>320</u>
Administration:				
Finance Department	1,762	1,856	1,763	93
Data Processing Department	751	795	795	-
Personnel Department	211	229	225	4
Total administration	<u>2,724</u>	<u>2,880</u>	<u>2,783</u>	<u>97</u>
Public Safety:				
Police Department	12,230	11,963	11,654	309
Fire Department	11,284	11,688	11,554	134
Civil Preparedness	104	104	101	3
Animal Control	326	322	309	13
Lighting hydrant water	1,906	1,997	1,977	20
Total public safety	<u>25,850</u>	<u>26,074</u>	<u>25,595</u>	<u>479</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, 2017****(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	\$ 352	\$ 372	\$ 317	\$ 55
Highway-parks division	2,586	2,591	2,438	153
Building maintenance division	3,049	3,200	3,108	92
Engineering division	359	387	345	42
General garage division	1,364	1,304	1,177	127
Solid waste operations	4,395	4,329	4,218	111
Total public services	<u>12,105</u>	<u>12,183</u>	<u>11,603</u>	<u>580</u>
Board of Education:				
Private School textbooks	20	20	16	4
Educational audit fees	22	22	22	-
Employee benefits	1,227	1,227	1,058	169
Educational operations	91,612	91,612	91,228	384
Educational Contribution Health Insurance Fund	18,917	18,917	18,917	-
Educational School Nurses	1,387	1,398	1,287	111
Total board of education	<u>113,185</u>	<u>113,196</u>	<u>112,528</u>	<u>668</u>
Health and Welfare:				
Health Department	874	947	885	62
Recreation Department	819	862	844	18
Total health and welfare	<u>1,693</u>	<u>1,809</u>	<u>1,729</u>	<u>80</u>
General Charges:				
Employee benefits - general	22,684	22,461	21,841	620
Insurance and bonds	2,299	2,299	2,277	22
Claims and refunds	640	630	552	78
Benefits and salary reserve	1,070	(87)	(87)	-
Unallocated contingency	25			-
Total general charges	<u>26,718</u>	<u>25,303</u>	<u>24,583</u>	<u>720</u>
Grants to Agencies:				
Milford Council on Aging	1,371	1,361	1,358	3
Milford Fine Arts Council	68	68	68	-
CMED	72	72	56	16
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	230	230	230	-
Milford Transit District	345	345	345	-
Milford Mental Health	360	360	360	-
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, 2017

(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	18	18	3	15
Cemetery Association	9	9	9	-
Boys and Girls Club	70	70	70	-
Homeless Shelter/CPAC	80	80	80	-
Literacy Volunteers	4	4	4	-
Milford Preservation Commission	1	1		1
Total grants to agencies	<u>2,656</u>	<u>2,646</u>	<u>2,611</u>	<u>35</u>
Debt Service:				
Public Debt Service	10,121	9,901	9,749	152
School Debt	4,594	4,594	4,404	190
Total debt service	<u>14,715</u>	<u>14,495</u>	<u>14,153</u>	<u>342</u>
Other Financing Uses:				
Transfers out	<u>490</u>	<u>1,688</u>	<u>1,446</u>	<u>242</u>
Total	<u>\$ 204,465</u>	<u>\$ 204,870</u>	201,307	<u>\$ 3,563</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			19,721	
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			(4,031)	
Prior year encumbrances reported in the current year for financial reporting purposes			4,208	
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes			<u>(422)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 220,783</u>	

**CITY OF MILFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST FOUR FISCAL YEARS\***  
(In Thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 7,087	\$ 7,299	\$ 7,809	\$ 7,979
Interest	27,046	27,998	28,604	29,924
Changes of benefits terms		(1,759)		
Differences between expected and actual experience		(908)	(2,281)	14
Changes of assumptions		9,513	7,100	248
Benefit payments, including refunds of member contributions	(21,862)	(23,057)	(24,025)	(24,717)
Net change in total pension liability	12,271	19,086	17,207	13,448
Total pension liability - beginning	341,706	353,977	373,063	390,270
Total pension liability - ending	353,977	373,063	390,270	403,718
Plan fiduciary net position:				
Contributions - employer	2,225	3,925	4,525	5,203
Contributions - member	2,169	2,332	2,672	2,736
Net investment income (loss)	44,193	(2,192)	(3,210)	35,184
Benefit payments, including refunds of member contributions	(21,862)	(23,057)	(24,025)	(24,717)
Administrative expense	(48)	(76)	(143)	(47)
Other	11	20	47	23
Net change in plan fiduciary net position	26,688	(19,048)	(20,134)	18,382
Plan fiduciary net position - beginning	327,606	354,294	335,246	315,112
Plan fiduciary net position - ending	354,294	335,246	315,112	333,494
Net Pension Liability (Asset) - Ending	\$ <u>(317)</u>	\$ <u>37,817</u>	\$ <u>75,158</u>	\$ <u>70,224</u>
Plan fiduciary net position as a percentage of the total pension asset	100.09%	89.86%	80.74%	82.61%
Covered-employee payroll	\$ 42,773	\$ 43,811	\$ 43,811	\$ 45,923
Net pension (asset) liability as a percentage of covered-employee payroll	(0.74)%	86.32%	171.55%	152.92%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

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

(In Thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,129	\$	\$	\$	\$ 342	\$ 324	\$ 2,225	\$ 5,871	\$ 6,348	\$ 7,351
Contributions in relation to the actuarially determined contribution	<u>1,360</u>				<u>342</u>	<u>324</u>	<u>2,225</u>	<u>3,925</u>	<u>4,525</u>	<u>5,203</u>
Contribution Deficiency (Excess)	\$ <u>(231)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,946	\$ 1,823	\$ 2,148
Covered-employee payroll	\$ 39,663	\$ 40,141	\$ 40,550	\$ 40,622	\$ 41,597	\$ 43,010	\$ 42,773	\$ 43,811	\$ 44,587	\$ 45,923
Contributions as a percentage of covered-employee payroll	3.43%	0.00%	0.00%	0.00%	0.82%	0.75%	5.20%	8.96%	10.15%	11.33%

**Notes to Schedule**

Valuation date: July, 1 2016

Measurement date: June 30, 2017

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Method, level percentage of salary
Amortization method	None
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Age related table
Investment rate of return	7.50%
Retirement age	Age related table
Mortality	Based on RP-2014 adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2016.



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

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	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	13.78%	-0.62%	-0.99%	11.37%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

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

<b>(In Thousands)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
City's proportion of the net pension liability	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	131,584	142,361	180,837
Total	<u>\$ 131,584</u>	<u>\$ 142,361</u>	<u>\$ 180,837</u>
City's covered-employee payroll	\$ 49,466	\$ 49,287	\$ 49,376
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF MILFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST FISCAL YEAR\***

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**(In Thousands)**

	<u><b>2017</b></u>
Total OPEB liability:	
Service cost	\$ 5,653
Interest	7,351
Differences between expected and actual experience	(1,017)
Changes of assumptions	11,890
Benefit payments	(6,664)
Net change in total OPEB liability	<u>17,213</u>
Total OPEB liability - beginning	<u>171,096</u>
Total OPEB liability - ending	<u><u>188,309</u></u>
Plan fiduciary net position:	
Contributions - employer	7,164
Contributions - member	
Net investment income (loss)	564
Benefit payments	(6,664)
Net change in plan fiduciary net position	<u>1,064</u>
Plan fiduciary net position - beginning	<u>4,992</u>
Plan fiduciary net position - ending	<u><u>6,056</u></u>
Net OPEB Liability - Ending	\$ <u><u>182,253</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.22%
Covered-employee payroll	\$ 38,282
Net OPEB liability as a percentage of covered-employee payroll	476.08%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF MILFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OPEB**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution (1)	\$ 12,433	\$ 13,055	\$ 14,070	\$ 14,774	\$ 14,081	\$ 14,785	\$ 12,248	\$ 12,455	\$ 12,103	\$ 12,321
Contributions in relation to the actuarially determined contribution	<u>3,855</u>	<u>4,558</u>	<u>4,976</u>	<u>5,078</u>	<u>8,112</u>	<u>6,424</u>	<u>6,407</u>	<u>6,498</u>	<u>7,086</u>	<u>7,164</u>
Contribution Deficiency (Excess)	<u>\$ 8,578</u>	<u>\$ 8,497</u>	<u>\$ 9,094</u>	<u>\$ 9,696</u>	<u>\$ 5,969</u>	<u>\$ 8,361</u>	<u>\$ 5,841</u>	<u>\$ 5,957</u>	<u>\$ 5,017</u>	<u>\$ 5,157</u>
Covered-employee payroll	\$ 32,683	\$ 33,663	\$ 32,996	\$ 33,986	\$ 34,856	\$ 35,901	\$ 35,442	\$ 36,506	\$ 37,258	\$ 38,282
Contributions as a percentage of covered-employee payroll	26.25%	25.24%	27.56%	28.53%	17.12%	23.29%	16.48%	16.32%	13.47%	13.47%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

**Notes to Schedule**

Valuation date: July 1, 2016

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Healthcare cost trend rates	7.75% initial, decreasing 0.5% per year to an ultimate rate of 4.75%
Salary increases	2.75%, average, including inflation
Investment rate of return	3.74%
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual
Mortality	City: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016. Fire and Police: RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2016.

**CITY OF MILFORD, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
OPEB  
LAST FISCAL YEAR\***

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**2017**

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

10.44%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

## **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, 2017 AND 2016  
(In Thousands)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 47,829	\$ 44,218
Investments	3,118	118
Property taxes receivable, net of allowance for doubtful accounts of \$633 and \$643 in 2017 and 2016, respectively	7,280	8,520
Property taxes interest receivable, net of allowance for doubtful accounts of \$405 and \$395 in 2017 and 2016, respectively	4,666	4,546
Assessments receivable	25	68
Accounts receivable	273	185
Due from other governments	2	294
Due from other funds	827	2,397
Prepaid item	<u>21</u>	<u>21</u>
Total Assets	\$ <u>64,041</u>	\$ <u>60,367</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 11,287	\$ 12,463
Due to other funds	1,602	2,932
Due to other governments	931	826
Unearned revenue	<u>86</u>	<u>93</u>
Total liabilities	<u>13,906</u>	<u>16,314</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	6,207	7,508
Unavailable revenue - property taxes interest	4,666	4,546
Unavailable revenue - special assessments	25	62
Unavailable revenue - school building construction receivable	99	294
Advance property tax collections	<u>2,381</u>	<u>1,770</u>
Total deferred inflows of resources	<u>13,378</u>	<u>14,180</u>
Fund balances:		
Nonspendable	21	21
Committed	1,383	1,090
Assigned for encumbrances	4,031	4,208
Assigned for debt service	717	386
Assigned for subsequent year's budget	5,000	3,500
Unassigned	<u>25,605</u>	<u>20,668</u>
Total fund balances	<u>36,757</u>	<u>29,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>64,041</u>	\$ <u>60,367</u>

**CITY OF MILFORD, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2017  
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2017
			Additions	Deductions			Tax	Interest Liens	Total	
2015	\$	\$ 179,148 *	\$ 373	\$ (576)	\$ (56)	\$ 178,889	\$ 175,991	\$ 585	\$ 176,576	\$ 2,898
2014	3,535		34	(63)	(40)	3,466	2,385	472	2,857	1,081
2013	1,482		24	(18)	(45)	1,443	650	227	877	793
2012	856		1	(2)	(52)	803	128	75	203	675
2011	612				(54)	558	36	32	68	522
2010	431				(56)	375	28	85	113	347
2009	313				(46)	267	14	19	33	253
2008	280				(28)	252	10	17	27	242
2007	253				(30)	223	12	19	31	211
2006	240				(34)	206	5	14	19	201
2005	245				(68)	177	4	7	11	173
2004	221				(62)	159	4	7	11	155
2003	204				(60)	144	3	7	10	141
2002	172				(55)	117	3	9	12	114
2001	167				(55)	112	5	23	28	107
Total	\$ <u>9,011</u>	\$ <u>179,148</u>	\$ <u>432</u>	\$ <u>(659)</u>	\$ <u>(741)</u>	\$ <u>187,191</u>	179,278	1,598	180,876	\$ <u>7,913</u>
Suspense collections							<u>18</u>	<u>26</u>	<u>44</u>	
Total collections							179,296	\$ <u>1,624</u>	\$ <u>180,920</u>	
Property taxes receivable considered available:										
June 30, 2016							(1,012)			
June 30, 2017							<u>1,073</u>			
Total Property Tax Revenue							\$ <u>179,357</u>			

\*Includes motor vehicle supplement in the amount of \$1,816

**CITY OF MILFORD, CONNECTICUT  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES  
COMPARED WITH APPROPRIATIONS  
FOR THE YEAR ENDED JUNE 30, 2017  
(In Thousands)**

	<u>Final Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Certified administrative salaries	\$ 4,704	\$ 4,704	\$ -
Certified teachers salaries	44,651	44,651	-
Homebound tutor	185	185	-
Administrative substitute	21	21	-
Summer school	306	306	-
Substitutes - certified salaries	767	767	-
Curriculum work	116	116	-
Coaches/advisors	673	673	-
Non-certified supervisor salaries	631	631	-
Non-certified staff salaries	2,122	2,122	-
Custodian/maintenance	3,926	3,926	-
Teacher aides hourly	365	365	-
Library aides	460	460	-
Paraprofessionals	3,190	3,190	-
General aide salaries	183	183	-
Overtime salaries	445	445	-
Non-certified clerical	135	135	-
Non-certified professional	1,244	1,244	-
Retirements	842	842	-
Life insurance	594	594	-
Worker's compensation insurance	841	841	-
Social security	670	670	-
Unemployment compensation	57	57	-
Blue Cross/Blue Shield	3,415	3,415	-
Para pension	152	152	-
Education reimbursement	79	79	-
Adult education services	60	60	-
Substitute teaching services	210	210	-
Marine science education	18	18	-
Mental health services	31	31	-
Professional evaluation	63	63	-
Psychotherapy services	45	45	-
Other pupil personnel services	146	146	-
Special education work study	15	15	-
Consultation services	56	56	-
Audit services	3	3	-
Negotiation services	255	255	-
Arch/Eng services	11	11	-

(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, 2017**

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(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	\$ 339	\$ 339	\$ -
Contracted services	721	721	-
Management information systems	130	130	-
Electricity	830	830	-
Heat energy - gas	690	690	-
Water/sewage	106	106	-
Energy conservation services	71	71	-
Contracted maintenance	482	482	-
Repairs to grounds	147	147	-
Repairs to buildings	79	79	-
Repairs to equipment	371	371	-
Preventative maintenance	158	158	-
Building projects	810	810	-
Grounds projects	373	373	-
Gasoline maintenance	29	29	-
Maintenance supplies	286	286	-
Custodial supplies	168	168	-
Transportation regular	2,008	2,008	-
Transportation special education	896	896	-
Transportation special education - public	240	240	-
Transportation special education - private	541	541	-
Transportation - athletics	203	203	-
Transportation - TAG/ECA/AQUA	104	104	-
Transportation - field trips	30	30	-
Gasoline - buses	51	51	-
Transportation - non-public	284	284	-
Transportation - special education aide	203	203	-
Transportation - supplies	1	1	-
Van driver	111	111	-
Property liability insurance	500	500	-
Athletic insurance	39	39	-
Uninsured coverage	4	4	-
Postage	22	22	-
Telephone	355	355	-
Advertising	2	2	-
Printing expense	13	13	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES  
COMPARED WITH APPROPRIATIONS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017  
(In Thousands)**

	<b>Final Appropriations</b>	<b>Expenditures and Encumbrances</b>	<b>Unexpended Balance</b>
Tuition - public	\$ 995	\$ 995	\$ -
Tuition - non-public	2,859	2,859	-
Tuition - ECA program	131	131	-
Tuition - AQUA	74	74	-
Tuition - Vo-Ag	191	191	-
Tuition - gifted students	28	28	-
Travel mileage	45	45	-
Non-instructional supplies	120	120	-
Instructional supplies	698	698	-
Health and medical	25	25	-
Graduation expense	25	25	-
Textbooks	32	32	-
Text adoptions	175	175	-
Library books	80	80	-
Periodicals	16	16	-
Testing expense	145	145	-
Evaluation expense	22	22	-
A/V materials	2	2	-
Other educational supplies	4	4	-
Computer software	488	488	-
Equipment	446	446	-
Furniture and fixtures	194	194	-
Computers	550	550	-
Lease/purchase	19	19	-
Capital equipment	55	55	-
Dues and fees	82	82	-
Professional development	297	297	-
Student activities	84	84	-
Student athletics	33	33	-
Athletics - equipment repair	13	13	-
Athletics - supplies	68	68	-
Athletics - equipment	47	47	-
Athletics - game operations	38	38	-
Athletics - uniforms	21	21	-
Miscellaneous - sports	41	41	-
<b>Total</b>	<b>\$ 91,228</b>	<b>\$ 91,228</b>	<b>\$ -</b>

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
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
Sewer Fund	User Fees and Investment Income	Operation of Sewer System
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

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

### Capital Project Fund

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
School Renovations	State Grants, Bond/BAN Proceeds	School Renovations
Sanitary Sewer Fund	Bond/Ban Proceeds	Construction of Sanitary Sewers

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**  
(In Thousands)

	Special Revenue Funds								
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition	Grants and Donations - Board of Education	Special Education Grants	Cafeteria
<b>ASSETS</b>									
Cash and cash equivalents	\$ 2	\$ 479	\$ 4,347	\$ 54	\$ 70	\$ 1,015	\$ 121	\$	\$ 585
Accounts receivable		2	350						
Due from other governments			354						106
Due from other funds		1	188					736	
Inventory									23
Total Assets	<u>\$ 2</u>	<u>\$ 482</u>	<u>\$ 5,239</u>	<u>\$ 54</u>	<u>\$ 70</u>	<u>\$ 1,015</u>	<u>\$ 121</u>	<u>\$ 736</u>	<u>\$ 714</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 12	\$ 1,175	\$ 19	\$	\$	\$	\$ 432	\$
Due to other funds		13	68	1				65	
Unearned revenue			8						
Bond anticipation notes payable									
Other liabilities									
Total liabilities	<u>-</u>	<u>25</u>	<u>1,251</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>-</u>
Deferred inflows of resources:									
Unavailable revenue - special assessments									
Advance sewer collections									
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Nonspendable									23
Restricted							121	239	
Committed	2	457	3,988	34	70	1,015			691
Unassigned	<u>2</u>	<u>457</u>	<u>3,988</u>	<u>34</u>	<u>70</u>	<u>1,015</u>	<u>121</u>	<u>239</u>	<u>714</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 482</u>	<u>\$ 5,239</u>	<u>\$ 54</u>	<u>\$ 70</u>	<u>\$ 1,015</u>	<u>\$ 121</u>	<u>\$ 736</u>	<u>\$ 714</u>

(Continued on next page)



**CITY OF MILFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**  
(In Thousands)

	Special Revenue Funds						Capital Project Funds		Total Nonmajor Governmental Funds
	Sewer Fund	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Debt Service	School Renovations	Sanitary Sewer Fund	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 4,457	\$ 40	\$ 103	\$ 104	\$ 38	\$ 3,413	\$ 15	\$ 2,529	\$ 17,372
Accounts receivable	183								535
Due from other governments									460
Due from other funds	126					150			1,201
Inventory									23
Total Assets	<u>\$ 4,766</u>	<u>\$ 40</u>	<u>\$ 103</u>	<u>\$ 104</u>	<u>\$ 38</u>	<u>\$ 3,563</u>	<u>\$ 15</u>	<u>\$ 2,529</u>	<u>\$ 19,591</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 375	\$	\$	\$	\$	\$	\$ 1	\$ 166	\$ 2,180
Due to other funds	306							3	456
Unearned revenue									8
Bond anticipation notes payable							971	4,555	5,526
Other liabilities								171	171
Total liabilities	<u>681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>972</u>	<u>4,895</u>	<u>8,341</u>
Deferred inflows of resources:									
Unavailable revenue - special assessment	155								155
Advance sewer collections	86								86
Total deferred inflows of resources	<u>241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241</u>
Fund balances:									
Nonspendable									23
Restricted									360
Committed	3,844	40	103	104	38	3,563			13,949
Unassigned							(957)	(2,366)	(3,323)
	<u>3,844</u>	<u>40</u>	<u>103</u>	<u>104</u>	<u>38</u>	<u>3,563</u>	<u>(957)</u>	<u>(2,366)</u>	<u>11,009</u>
Total Liabilities and Fund Balances	<u>\$ 4,766</u>	<u>\$ 40</u>	<u>\$ 103</u>	<u>\$ 104</u>	<u>\$ 38</u>	<u>\$ 3,563</u>	<u>\$ 15</u>	<u>\$ 2,529</u>	<u>\$ 19,591</u>

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	Special Revenue Funds								
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition	Grants and Donations - Board of Education	Special Education Grants	Cafeteria
Revenues:									
Property taxes and assessments	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fines, forfeitures, penalties and interest									
Intergovernmental		409	2,691	728				3,678	898
Charges for services		7	2,806	49	62				1,447
Investment income		3	1		1	1		2	
Other revenues		11	876			837	218		
Total revenues	-	430	6,374	777	63	838	218	3,680	2,345
Expenditures:									
Current:									
General government			800						
Public safety			2,259						
Public services			204	640					
Education			1,437			1,059	314	3,582	2,432
Health and welfare		876	1,461						
Sewer									
Capital outlay									
Debt service									
Total expenditures	-	876	6,161	640	-	1,059	314	3,582	2,432
Excess (deficiency) of revenues over expenditures	-	(446)	213	137	63	(221)	(96)	98	(87)
Other financing sources:									
Issuance of bonds and notes									
Transfers in		496	12						
Transfers out			(6)	(6)					
Total other financing sources	-	496	12	(6)	-	-	-	-	-
Net Change in Fund Balances	-	50	225	131	63	(221)	(96)	98	(87)
Fund Balances at Beginning of Year	2	407	3,763	(97)	7	1,236	217	141	801
Fund Balances at End of Year	\$ 2	\$ 457	\$ 3,988	\$ 34	\$ 70	\$ 1,015	\$ 121	\$ 239	\$ 714

(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, 2017**  
(In Thousands)

	Special Revenue Funds						Capital Project Funds		Total Nonmajor Governmental Funds
	Sewer Fund	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Debt Service	School Renovations	Sanitary Sewer Fund	
Revenues:									
Property taxes and assessments	\$ 7,638	\$	\$	\$	\$	\$	\$	\$	\$ 7,638
Fines, forfeitures, penalties and interest	63								63
Intergovernmental									8,404
Charges for services	98					154			4,623
Investment income	34		1		1	21			65
Other revenues	600	6		7		59	29		2,643
Total revenues	8,433	6	1	7	1	234	29	-	23,436
Expenditures:									
Current:									
General government									800
Public safety									2,259
Public services									844
Education		8					18		8,850
Health and welfare									2,337
Sewer	6,116								6,116
Capital outlay								2,386	2,386
Debt service	1,678					319			1,997
Total expenditures	7,794	8	-	-	-	319	18	2,386	25,589
Excess (deficiency) of revenues over expenditures	639	(2)	1	7	1	(85)	11	(2,386)	(2,153)
Other financing sources:									
Issuance of bonds and notes							657	3,155	3,812
Transfers in						150			658
Transfers out	(850)								(856)
Total other financing sources	(850)	-	-	-	-	150	657	3,155	3,614
Net Change in Fund Balances	(211)	(2)	1	7	1	65	668	769	1,461
Fund Balances at Beginning of Year	4,055	42	102	97	37	3,498	(1,625)	(3,135)	9,548
Fund Balances at End of Year	\$ 3,844	\$ 40	\$ 103	\$ 104	\$ 38	\$ 3,563	\$ (957)	\$ (2,366)	\$ 11,009

## **Nonmajor Enterprise Funds**

## **NONMAJOR ENTERPRISE 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.

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2017**  
(In Thousands)

	<b>Milford Golf Course</b>	<b>Harbor Management</b>	<b>Total</b>
<b>Assets:</b>			
<b>Current:</b>			
Cash and cash equivalents	\$ 89	\$ 382	\$ 471
Accounts receivable	24		24
Total current assets	<u>113</u>	<u>382</u>	<u>495</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Not being depreciated	569	1,085	1,654
Being depreciated, net	<u>1,535</u>	<u>211</u>	<u>1,746</u>
Total noncurrent assets	<u>2,104</u>	<u>1,296</u>	<u>3,400</u>
Total assets	<u>2,217</u>	<u>1,678</u>	<u>3,895</u>
<b>Liabilities:</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	3	17	20
Due to other funds	<u>1</u>	<u>1</u>	<u>1</u>
Total liabilities	<u>3</u>	<u>18</u>	<u>21</u>
<b>Net Position:</b>			
Invested in Capital Assets	2,104	1,296	3,400
Unrestricted	<u>110</u>	<u>364</u>	<u>474</u>
<b>Total Net Position</b>	<u>\$ 2,214</u>	<u>\$ 1,660</u>	<u>\$ 3,874</u>

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Milford Golf Course</b>	<b>Harbor Management</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 89	\$ 253	\$ 342
Total operating revenues	<u>89</u>	<u>253</u>	<u>342</u>
Operating expenses:			
Health and welfare	49	230	279
Depreciation	29	20	49
Total operating expenses	<u>78</u>	<u>250</u>	<u>328</u>
Operating income (loss)	11	3	14
Nonoperating revenue:			
Interest income		1	1
Income (loss) before capital contributions and transfers	<u>11</u>	<u>4</u>	<u>15</u>
Capital contributions and transfers:			
Capital contribution	5		5
Transfers out		(100)	(100)
Total capital contributions and transfers	<u>5</u>	<u>(100)</u>	<u>(95)</u>
Change in Net Position	16	(96)	(80)
Total Net Position at Beginning of Year	<u>2,198</u>	<u>1,756</u>	<u>3,954</u>
Total Net Position at End of Year	<u>\$ 2,214</u>	<u>\$ 1,660</u>	<u>\$ 3,874</u>

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Business-Type Activities</b>		
	<b>Milford Golf Course</b>	<b>Harbor Management</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from contributions and charges for services	\$ 89	\$ 253	\$ 342
Cash paid to employees		(227)	(227)
Cash paid to vendors	(55)		(55)
Net cash provided by (used in) operating activities	34	26	60
Cash flows to/from noncapital financing activities:			
Transfers to/from other funds		(100)	(100)
Cash flows from investing activities:			
Interest and dividends received		1	1
Net increase (decrease) in cash and cash equivalents	34	(73)	(39)
Cash and cash equivalents at beginning of year	55	455	510
Cash and Cash Equivalents at End of Year	<u>\$ 89</u>	<u>\$ 382</u>	<u>\$ 471</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 11	\$ 3	\$ 14
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	29	20	49
(Increase) decrease in accounts receivable	(24)		(24)
(Increase) decrease in due from other funds	24		24
Increase (decrease) in accounts payable and accrued liabilities	(6)	2	(4)
Increase (decrease) in due to other funds		1	1
Net Cash Provided by (Used in) Operating Activities	<u>\$ 34</u>	<u>\$ 26</u>	<u>\$ 60</u>
Noncash investing activities:			
Capital asset transfer	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>



## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

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

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

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2017**  
**(In Thousands)**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,239	\$ 3,294	\$ 3,269	\$ 20,802
Accounts receivable	65		5	70
Due from other funds	98	65	1	164
Total assets	<u>14,402</u>	<u>3,359</u>	<u>3,275</u>	<u>21,036</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	444	2	11	457
Accrued claims	2,580	3,065	195	5,840
Due to other funds				
Total liabilities	<u>3,024</u>	<u>3,067</u>	<u>206</u>	<u>6,297</u>
<b>Net Position:</b>				
Unrestricted	<u>11,378</u>	<u>292</u>	<u>3,069</u>	<u>14,739</u>
<b>Total Net Position</b>	<u>\$ 11,378</u>	<u>\$ 292</u>	<u>\$ 3,069</u>	<u>\$ 14,739</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, 2017**

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(In Thousands)

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>	<b>Total</b>
Operating revenues:				
Employer contributions	\$ 30,589	\$ 1,282	\$ 1,366	\$ 33,237
Employee contributions	6,905			6,905
Other	90	271	78	439
Total operating revenues	<u>37,584</u>	<u>1,553</u>	<u>1,444</u>	<u>40,581</u>
Operating expenses:				
Insurance premiums and claims expense	<u>37,433</u>	<u>1,888</u>	<u>1,293</u>	<u>40,614</u>
Operating income (loss)	151	(335)	151	(33)
Net Position at Beginning of Year	<u>11,227</u>	<u>627</u>	<u>2,918</u>	<u>14,772</u>
Net Position at End of Year	<u>\$ 11,378</u>	<u>\$ 292</u>	<u>\$ 3,069</u>	<u>\$ 14,739</u>

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>	<b>Total</b>
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 37,642	\$ 1,500	\$ 1,440	\$ 40,582
Cash payments for claims paid	(37,157)	(1,396)	(1,317)	(39,870)
Net cash provided by (used in) operating activities	<u>485</u>	<u>104</u>	<u>123</u>	<u>712</u>
Net increase (decrease) in cash and cash equivalents	485	104	123	712
Cash and cash equivalents at beginning of year	<u>13,754</u>	<u>3,190</u>	<u>3,146</u>	<u>20,090</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,239</u>	<u>\$ 3,294</u>	<u>\$ 3,269</u>	<u>\$ 20,802</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 151	\$ (335)	\$ 151	\$ (33)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in accounts receivable	33		(4)	29
(Increase) decrease in due from other funds	25	(53)		(28)
Increase (decrease) in accounts payable and accrued liabilities	276	492	(24)	744
Increase (decrease) in due to other funds				
Net Cash Provided by (Used in) Operating Activities	<u>\$ 485</u>	<u>\$ 104</u>	<u>\$ 123</u>	<u>\$ 712</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, 2017**  
(In Thousands)

	<u>Student Activities</u>	<u>Inland/ Wetland Bonds</u>	<u>Planning and Zoning Bonds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,023	\$ 210	\$ 589	\$ 1,822
Investments	<u>75</u>	<u></u>	<u></u>	<u>75</u>
Total Assets	<u>\$ 1,098</u>	<u>\$ 222</u>	<u>\$ 589</u>	<u>\$ 1,909</u>
Liabilities:				
Due to employees, students and others	\$ 1,098	\$ 222	\$ 589	\$ 1,909
Total Liabilities	<u>\$ 1,098</u>	<u>\$ 222</u>	<u>\$ 589</u>	<u>\$ 1,909</u>



**CITY OF MILFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<b>Student Activities</b>				
Assets:				
Cash and cash equivalents	\$ 989	\$ 1,451	\$ 1,417	\$ 1,023
Investments	<u>116</u>	<u>5</u>	<u>46</u>	<u>75</u>
Total Assets	<u>\$ 1,105</u>	<u>\$ 1,456</u>	<u>\$ 1,463</u>	<u>\$ 1,098</u>
Liabilities:				
Due to employees, students and others	<u>\$ 1,105</u>	<u>\$ 1,456</u>	<u>\$ 1,463</u>	<u>\$ 1,098</u>
<b>Inland/Wetland Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 201	\$ 40	\$ 31	\$ 210
Accounts receivable	<u>-</u>	<u>12</u>		<u>12</u>
Total Assets	<u>\$ 201</u>	<u>\$ 52</u>	<u>\$ 31</u>	<u>\$ 222</u>
Liabilities:				
Due to employees, students and others	<u>\$ 201</u>	<u>\$ 52</u>	<u>\$ 31</u>	<u>\$ 222</u>
Total Liabilities	<u>\$ 201</u>	<u>\$ 52</u>	<u>\$ 31</u>	<u>\$ 222</u>
<b>Planning and Zoning Bonds</b>				
Assets:				
Cash and cash equivalents	<u>\$ 503</u>	<u>\$ 98</u>	<u>\$ 12</u>	<u>\$ 589</u>
Liabilities:				
Due to employees, students and others	<u>\$ 503</u>	<u>\$ 98</u>	<u>\$ 12</u>	<u>\$ 589</u>
<b>Total - All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,693	\$ 1,589	\$ 1,460	\$ 1,822
Investments	116	5	46	75
Accounts receivable	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
Total Assets	<u>\$ 1,809</u>	<u>\$ 1,606</u>	<u>\$ 1,506</u>	<u>\$ 1,909</u>
Liabilities:				
Due to employees and others	<u>\$ 1,809</u>	<u>\$ 1,606</u>	<u>\$ 1,506</u>	<u>\$ 1,909</u>
Total Liabilities	<u>\$ 1,809</u>	<u>\$ 1,606</u>	<u>\$ 1,506</u>	<u>\$ 1,909</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**  
(In Thousands)

	FISCAL YEAR									
	2017	2016	2015	2014 (2)	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net investments in capital assets	\$ 203,122	\$ 194,944	\$ 174,139	\$ 166,869	\$ 153,422	\$ 145,526	\$ 132,115	\$ 143,992	\$ 135,747	\$ 141,359
Restricted	285	278	280	255	255	252	250	259	260	151
Unrestricted	(135,738)	(108,185)	(83,452)	(72,023)	(48,924)	(36,260)	(15,240)	(15,090)	5,254	7,084
Total Governmental Activities Net Position	67,669	87,037	90,967	95,101	104,753	109,518	117,125	129,161	141,261	148,594
Business-type activities:										
Investments in capital assets	3,400	3,444	3,361	3,126	3,163	3,200	3,238	3,284	3,341	3,398
Unrestricted	474	510	569	513	708	642	653	605	642	688
Total Business-Type Net Position	3,874	3,954	3,930	3,639	3,871	3,842	3,891	3,889	3,983	4,086
Primary government:										
Net investments in capital assets	206,522	198,388	177,500	169,995	156,585	148,726	135,353	147,276	139,088	144,757
Restricted	285	278	280	255	255	252	250	259	260	151
Unrestricted	(135,264)	(107,675)	(82,883)	(71,806)	(48,216)	(35,618)	(14,767)	(14,485)	5,896	7,772
Total Primary Government Net Position	\$ 71,543	\$ 90,991	\$ 94,897	\$ 98,444	\$ 108,624	\$ 113,360	\$ 120,836	\$ 133,050	\$ 145,244	\$ 152,680

## NOTES:

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

TABLE 2

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
General government	\$ 22,007	\$ 22,299	\$ 13,004	\$ 9,770	\$ 8,068	\$ 11,142	\$ 10,844	\$ 7,542	\$ 7,796	\$ 5,609
Administration	3,505	3,280	3,882	3,803	4,018	4,147	3,769	3,625	3,677	3,811
Public safety	39,698	38,986	38,754	38,410	41,506	38,471	37,014	35,817	36,067	35,298
Public services	20,819	21,776	18,586	27,538	25,314	27,673	27,911	31,252	29,066	30,445
Education	172,388	159,930	149,823	142,617	138,265	132,771	131,342	124,894	123,520	139,957
Health and welfare	3,825	4,054	4,183	5,503	5,728	5,929	5,906	5,313	5,709	6,149
Sewer**	5,964	5,783								
General charges *										
Grants to agencies			3,073	9,072	4,051	3,889	3,938	3,656	3,735	2,507
Interest on long-term debt	4,834	2,810	4,653	2,711	2,703	2,085	1,972	3,226	3,471	3,665
Total governmental activities expenses	273,040	258,918	235,958	239,424	229,653	226,106	222,696	215,325	213,041	227,441
Business-type activities:										
Milford Golf Course	78	81	64	64	69	88	68	115	92	78
Harbor Management	250	234	235	242	230	287	307	335	420	285
Total business-type activities expenses	328	315	299	306	299	375	375	450	512	363
Total primary government expenses	273,368	259,233	236,257	239,730	229,952	226,481	223,071	215,775	213,553	227,804
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,798	1,858	1,779	1,125	1,562	977	1,131	1,178	1,234	1,462
Public service	1,399	1,778	1,432	1,627	1,639	802	61	1,385	1,378	2,127
Education	2,301	2,672	2,435	1,627	1,702	2,705	2,754	2,682	2,679	2,674
Sewer**	98									
Other	4,614	4,100	4,166	3,374	3,410	2,766	2,616	2,006	1,188	1,042
Operating grants and contributions	39,753	31,072	29,527	36,980	29,867	29,730	27,489	28,258	27,647	52,237
Capital grants and contributions	4,453	18,527	3,046	115	1,753	3,426		454	4,081	6,803
Total governmental activities program revenues	54,416	60,007	42,385	44,848	39,933	40,406	34,051	35,963	38,207	66,345
Business-type activities:										
Charges for services:										
Golf fees	89	87	85	84	80	74	73	70	70	70
Harbor fees	253	248	242	249	252	267	252	249	258	280
Operating grants and contributions		26					60	38	74	74
Capital grants and contributions	5		272							
Total business-type activities program revenues	347	361	599	333	332	341	385	357	402	424
Total primary government program revenues	54,763	60,368	42,984	45,181	40,265	40,747	34,436	36,320	38,609	66,769

(Continued on next page)

TABLE 2

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (expense) revenue:										
Governmental activities	\$ (218,624)	\$ (198,911)	(193,573)	(194,576)	(189,720)	(185,700)	(188,645)	(179,362)	(174,834)	(161,096)
Business-type activities	19	46	300	27	33	(34)	10	(93)	(110)	61
Total primary government net expense	<u>(218,605)</u>	<u>(198,865)</u>	<u>(193,273)</u>	<u>(194,549)</u>	<u>(189,687)</u>	<u>(185,734)</u>	<u>(188,635)</u>	<u>(179,455)</u>	<u>(174,944)</u>	<u>(161,035)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	187,587	185,435	180,864	174,885	170,870	161,252	160,134	152,330	152,856	149,025
Grants and contributions not restricted to specific programs	10,965	9,125	8,321	8,693	11,327	14,103	13,665	13,040	10,612	11,357
Unrestricted investment earnings	402	188	49	72	1,735	1,600	1,716	1,080	689	2,471
Other general revenues	202	210	195	718	926	1,301	905	809	3,344	1,509
Transfers in	100	23	10	260	4	17	9	3		
Gain on sale of capital assets					93					
Total governmental activities	<u>199,256</u>	<u>194,981</u>	<u>189,439</u>	<u>184,628</u>	<u>184,955</u>	<u>178,273</u>	<u>176,429</u>	<u>167,262</u>	<u>167,501</u>	<u>164,362</u>
Business-type activities:										
Unrestricted investment earnings	1					2	1	2	7	19
Transfers out	(100)	1	(10)	(260)	(4)	(17)	(9)	(3)		
Contributed assets		(23)								
Total business-type activities	<u>(99)</u>	<u>(22)</u>	<u>(9)</u>	<u>(259)</u>	<u>(4)</u>	<u>(15)</u>	<u>(8)</u>	<u>(1)</u>	<u>7</u>	<u>19</u>
Total primary government	<u>199,157</u>	<u>194,959</u>	<u>189,430</u>	<u>184,369</u>	<u>184,951</u>	<u>178,258</u>	<u>176,421</u>	<u>167,261</u>	<u>167,508</u>	<u>164,381</u>
Change in Net Position:										
Governmental activities	(19,368)	(3,930)	(4,134)	(9,948)	(4,765)	(7,427)	(12,216)	(12,100)	(7,333)	3,266
Business-type activities	<u>(80)</u>	<u>24</u>	<u>291</u>	<u>(232)</u>	<u>29</u>	<u>(49)</u>	<u>2</u>	<u>(94)</u>	<u>(103)</u>	<u>80</u>
Total Primary Government	<u>\$ (19,448)</u>	<u>\$ (3,906)</u>	<u>\$ (3,843)</u>	<u>(10,180)</u>	<u>(4,736)</u>	<u>(7,476)</u>	<u>(12,214)</u>	<u>(12,194)</u>	<u>(7,436)</u>	<u>3,346</u>

## Notes:

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

\* General charges have been allocated across the various functions.

\*\* Sewer function added for 2016 and 2017 and not retroactively applied.

TABLE 3

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 3,341	\$ 3,176	\$ 2,633
Unreserved								14,462	16,070	15,955
Nonspendable	21	21	21	21	21	21	438			
Committed	1,383	1,090	1,055	1,054	1,033	1,212	2,699			
Assigned	9,748	8,094	7,696	6,959	7,875	4,198	7,545			
Unassigned	25,605	20,668	16,336	14,814	14,945	15,638	12,841			
Total General Fund	\$ <u>36,757</u>	\$ <u>29,873</u>	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 19,801	\$ 10,860	\$ 31,059
Unreserved, reported in:										
Special revenue funds								7,174	6,485	6,584
Debt service funds								4,387	5,554	4,490
Capital projects funds								(19,566)	(61,979)	(73,655)
Nonspendable	23	30	41	71	84	77	23			
Restricted	360	358	468	3,845	3,802	3,364	2,090			
Committed	13,949	14,224	18,508	19,068	28,863	18,297	28,103			
Assigned				86	4,165	3,802				
Unassigned	(19,123)	(10,919)	(16,238)	(24,557)	(35,789)	(31,896)	(33,171)			
Total All Other Governmental Funds	\$ <u>(4,791)</u>	\$ <u>3,693</u>	\$ <u>2,779</u>	\$ <u>(1,487)</u>	\$ <u>1,125</u>	\$ <u>(6,356)</u>	\$ <u>(2,955)</u>	\$ <u>11,796</u>	\$ <u>(39,080)</u>	\$ <u>(31,522)</u>

## Notes:

1. Schedule prepared on the modified accrual basis of accounting.
2. The City began to report new fund categories when it implemented GASB Statement No. 54 in fiscal year 2011

TABLE 4

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes and assessments	\$ 187,082	\$ 184,213	\$ 178,740	\$ 173,069	\$ 171,708	\$ 162,014	\$ 159,555	\$ 151,428	\$ 151,760	\$ 147,515
Fines, forfeitures, penalties and interest	1,687	1,293	1,239	1,058	1,632	1,487	1,654	993	1,072	1,091
Intergovernmental	47,341	51,231	34,119	39,265	37,519	41,805	33,206	36,907	37,949	65,565
Charges for services	8,362	8,299	7,744	6,737	7,310	6,079	6,925	7,609	6,720	7,220
Investment income	457	243	98	117	149	113	174	231	689	2,865
Other	10,056	10,145	8,979	8,503	7,615	8,458	9,133	6,117	6,546	6,032
Total revenues	<u>254,985</u>	<u>255,424</u>	<u>230,919</u>	<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>
Expenditures:										
General government	5,012	4,775	4,219	4,672	4,827	7,304	7,084	4,981	4,591	4,268
Administration	2,772	2,493	2,496	2,529	2,492	2,435	2,462	2,397	2,404	2,422
Public safety	27,921	27,503	27,137	25,937	25,129	24,562	24,317	23,712	23,555	22,588
Public services	12,586	12,582	12,058	12,238	12,235	17,591	17,901	19,949	17,991	17,170
Education	140,613	135,818	128,303	130,942	126,127	122,074	118,811	115,871	113,944	135,532
Health and welfare	4,062	3,826	3,479	3,733	3,687	3,930	3,864	3,554	3,747	3,827
Sewer**	6,116	5,783								
General charges	24,697	23,832	23,635	21,961	19,324	21,295	15,453	15,948	16,619	18,594
Other	2,611	2,606	2,651	2,642	2,640	2,626	2,646	2,504	2,561	2,500
Capital outlay	31,237	24,231	19,395	31,345	30,914	31,606	25,528	14,423	30,745	46,475
Debt service - principal	11,088	8,910	10,804	8,825	8,373	8,831	7,562	6,745		
Debt service - interest	5,146	6,569	5,028	3,823	3,566	3,182	3,364	3,303		
Debt service*									9,001	9,246
Total expenditures	<u>273,861</u>	<u>258,928</u>	<u>239,205</u>	<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>
Excess of Revenue Under Expenditures	<u>(18,876)</u>	<u>(3,504)</u>	<u>(8,286)</u>	<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>
Other Financing Sources (Uses):										
Lease principal receipts										
Issuance of bonds	16,440	8,350	14,195	16,000	23,405	15,329	13,240	59,246	13,500	6,620
Capital leases										
Issuance of refunding bonds		16,015	14,935		14,045	8,765		16,087		
Payment to refunded bond escrow agent		(18,698)	(17,312)		(15,469)	(9,332)		(15,899)		
Premium on issuance of debt	736	3,391	3,004		1,566	692				
Sale of capital assets					116	11		98	22	
Transfers in	2,402	3,165	1,344	2,968	2,968	4,121	2,998	2,333	3,332	3,163
Transfers out	(2,302)	(3,040)	(1,354)	(2,964)	(2,964)	(4,198)	(2,687)	(2,330)	(3,332)	(3,163)
Total other financing sources	<u>17,276</u>	<u>9,183</u>	<u>14,812</u>	<u>16,004</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>
Net Change in Fund Balances	<u>\$ (1,600)</u>	<u>\$ 5,679</u>	<u>\$ 6,526</u>	<u>\$ (3,894)</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>
Debt Service as a Percentage of Noncapital Expenditures	6.6%	6.5%	7.0%	5.8%	5.7%	5.6%	5.37%	5.05%	4.63%	4.28%

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

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

\*\* Sewer function added for 2016 and 2017 and not retroactively applied.



**CITY OF MILFORD, CONNECTICUT**  
**EIGHT YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET**  
**FISCAL YEAR 2009-2017**  
(In Thousands)

	Adopted Budget 2017-18	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012	Actual 6/30/2011	Actual 6/30/2010	Actual 6/30/2009
<b>Revenues:</b>										
Property taxes and assessments	\$ 177,915	\$ 179,444	\$ 177,034	\$ 171,858	\$ 165,899	\$ 164,236	\$ 155,213	\$ 153,080	\$ 146,157	\$ 146,819
Intergovernmental revenue	11,171	34,484	25,086	24,254	27,759	26,789	26,930	22,384	22,212	24,521
Fines, forfeitures, penalties and interest	1,131	1,624	1,244	1,199	1,058	1,632	1,487	1,654	993	1,072
Investment income	90	356	191	89	75	64	62	113	152	467
Other	15,480	10,979	11,089	8,962	8,236	8,236	8,907	9,215	6,129	6,633
Total revenues	<u>205,787</u>	<u>226,887</u>	<u>214,644</u>	<u>206,362</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>
<b>Expenditures:</b>										
General government	4,465	4,212	3,951	3,930	3,885	3,894	3,869	3,968	3,419	3,322
Administration	2,943	2,772	2,493	2,496	2,529	2,492	2,435	2,462	2,397	2,404
Public safety	26,144	25,662	25,376	24,393	23,686	23,142	22,837	22,654	22,448	22,427
Public services	12,150	11,742	11,832	11,272	11,691	11,527	11,455	11,696	11,401	11,825
Education	118,161	131,763	124,576	119,634	123,068	119,070	114,635	109,306	106,657	106,963
Health and welfare	1,754	1,725	1,640	1,615	1,645	1,576	1,656	1,695	1,629	1,649
General charges	26,543	24,697	23,832	23,635	21,961	19,324	21,295	15,453	15,948	16,619
Grants to agencies	3,103	2,611	2,606	2,651	2,642	2,640	2,626	2,646	2,504	2,561
Debt service	10,524	14,153	13,466	13,839	12,648	11,939	12,013	10,926	10,048	9,001
Total expenditures	<u>205,787</u>	<u>219,337</u>	<u>209,772</u>	<u>203,465</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>
Excess of revenues over (under) expenditures	\$ <u>-</u>	<u>7,550</u>	<u>4,872</u>	<u>2,897</u>	<u>(728)</u>	<u>5,353</u>	<u>(222)</u>	<u>5,640</u>	<u>(808)</u>	<u>2,741</u>
<b>Other financing sources (uses):</b>										
Issuance of refunding bonds			16,015	14,935		14045	8765		15,470	
Payment to refunded bond escrow agent			(18,698)	(17,312)		(15,469)	(9,332)		(15,899)	
Premium on issuance of debt		736	3,391	3,004		1566	692		617	
Sale of capital assets						116	11		98	22
Transfers in		44			1327	21	596	456	545	
Transfers out		(1,446)	(815)	(1,264)	(1,625)	(2,827)	(2,964)	(2,002)	(1,466)	(2,105)
Net other financing uses		<u>(666)</u>	<u>(107)</u>	<u>(637)</u>	<u>(298)</u>	<u>(2,548)</u>	<u>(2,232)</u>	<u>(1,546)</u>	<u>(635)</u>	<u>(2,083)</u>
Net change in fund balances		6,884	4,765	2,260	(1,026)	2,805	(2,454)	4,094	(1,443)	658
Fund equity, beginning year, as restated*		29,873	25,108	22,848	23,874	21,069	23,523	19,429	19,246	18,588
Fund Equity, End of Year	\$ <u>36,757</u>	\$ <u>29,873</u>	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	
Reserve for encumbrances	\$	\$	\$	\$	\$	\$	\$	\$	3,319	3,154
Reserved for other purposes									22	22
Reserve for subsequent years									2,000	3,750
Unreserved - undesignated									12,462	12,320
Nonspendable		21	21	21	21	21	21	438		
Committed		1,383	1,090	1,055	1,054	1,033	1,212	2,699		
Assigned		9,748	8,094	7,696	6,959	7,875	4,198	7,545		
Unassigned		<u>25,605</u>	<u>20,668</u>	<u>16,336</u>	<u>14,814</u>	<u>14,945</u>	<u>15,638</u>	<u>12,841</u>		
Fund Equity	\$ <u>36,757</u>	\$ <u>29,873</u>	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	

TABLE 6

**CITY OF MILFORD, CONNECTICUT  
CAPITAL IMPROVEMENT PROGRAM**

**2017-2021**

**(In Thousands)**

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>Total</u>
Proposed Projects:					
Education	\$ 15,200	\$ 12,600	\$ 13,400	\$ 7,050	\$ 48,250
Sewers		6,045	770	25,248	32,063
Fire	635	120		600	1,355
Police	30,000				30,000
Roads/Drainage	2,000	2,000	2,000	2,000	8,000
Buildings	755				755
Erosion/Flood control	35				35
Recreation	200	10,000	200	250	10,650
Total	<u>\$ 48,825</u>	<u>\$ 30,765</u>	<u>\$ 16,370</u>	<u>\$ 35,148</u>	<u>\$ 131,108</u>
Proposed Funding:					
Pay-As-You-Go	\$ 185	\$ 150	\$ 150	\$ 150	\$ 635
Bonds	40,690	25,965	11,720	33,148	111,523
Grants	7,950	4,650	4,500	1,850	18,950
Total	<u>\$ 48,825</u>	<u>\$ 30,765</u>	<u>\$ 16,370</u>	<u>\$ 35,148</u>	<u>\$ 131,108</u>

TABLE 7

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

Fiscal Year	Grand List Year	Real Property			Personal Property	Motor Vehicle	Total Taxable Assessed Value	Less Exemptions	Net Taxable Grand List	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial and Industrial	All Land								
2017	2015	\$ 4,377,629	\$ 1,371,306	\$	\$ 462,686	\$ 379,714	\$ 6,592,815	\$ 171,197	\$ 6,421,618	27.84	\$ 9,173,740	70.00%
2016	2014	4,466,480	1,259,867		452,987	375,663	6,554,997	166,978	6,388,019	27.88	9,125,737	70.00%
2015	2013	4,442,878	1,271,704		461,752	375,652	6,551,986	166,748	6,385,238	27.22	9,120,339	70.01%
2014	2012	4,478,145	1,288,844		449,793	367,147	6,583,929	165,694	6,418,235	28.26	9,168,907	70.00%
2013	2011	4,466,059	1,286,915		445,512	364,064	6,562,550	162,699	6,399,851	25.60	9,142,646	51.14%
2012	2010	5,406,408	1,371,087		435,189	342,792	7,555,476	2,145,408	5,410,068	28.89	10,578,868	51.22%
2011	2009	5,463,457	1,374,411		378,586	327,437	7,543,891	2,112,969	5,430,922	28.44	10,603,075	50.99%
2010	2008	5,379,222	1,388,800		401,345	326,530	7,495,897	2,118,534	5,377,363	27.50	10,546,040	50.71%
2009	2007	5,336,006	1,388,827		294,183	348,799	7,367,815	2,116,168	5,251,647	28.23	10,356,372	44.76%
2008	2006	5,339,250	1,276,658		260,998	343,142	7,220,048	2,747,502	4,472,546	31.77	9,992,784	70.00%

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 2017 and FY2008**

(In Thousands)

Taxpayers	Nature of Business	2017		Percentage of Net Taxable Assessed Value	2008		Percentage of Net Taxable Assessed Value
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Connecticut Post Limited Partnership	Regional Shopping Mall	\$ 149,148	1	2.33%	\$ 141,845	1	2.70%
Eversource Energy	Utility	103,664	2	1.62%	34,010	4	0.70%
Milford Crossing Investors LLC	Retail	62,947	3	0.99%	43,030	2	0.80%
Wolff	Office/Retail/Apartments	46,586	4	0.73%			
Smith Craft Real Estate, ETALS	Real Estate Developer	28,590	5	0.45%	39,475	3	0.80%
JP Construction Company/Avalon Bay	Apartments	28,231	6	0.44%	15,950	10	0.30%
Crown Milford, LLC	Office Park	27,078	7	0.42%	26,738	5	0.70%
Schick Manufacturing Inc.	Manufacturer - Razors	26,012	8	0.41%	25,938	6	0.50%
D'Amato Investments, LLC	Real Estate Development	25,627	9	0.40%	18,984	7	0.40%
Devon Power	Utility	22,312	10	0.35%			
Keystone Milford LLC	Retail (Stop & Shop)				16,819	8	0.30%
Milford Plaza Associates LLC	Regional Shopping Center				16,623	9	0.30%
Total		\$ <u>520,195</u>		8.14%	\$ <u>379,412</u>		7.50%

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 (6/30/17)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	27.84	\$ 179,148	\$ 175,991	98.24%	\$ N/A	\$ 175,991	98.24%
2016	27.88	178,307	174,556	97.90%	2,966	174,556	97.90%
2015	27.22	173,728	169,954	97.83%	2,120	172,074	99.05%
2014	26.28	168,390	164,519	97.70%	1,185	165,704	98.40%
2013	25.60	163,674	160,911	98.10%	1,957	162,868	97.76%
2012	28.89	156,123	153,158	97.76%	2,421	155,579	99.04%
2011	28.44	154,259	150,811	98.13%	1,783	152,594	99.40%
2010	28.23	146,895	144,148	97.62%	2,955	147,103	99.55%
2009	28.23	148,604	145,060	98.50%	1,663	146,723	99.64%
2008	31.77	142,432	140,289	99.34%	456	140,745	99.73%

**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							
2017	\$	136,374	\$	28,966	\$	2.07	\$	3,147
2016		128,883		31,154		1.86		2,892
2015		127,731		33,289		1.94		2,412
2014		120,866		35,400		2.20		2,673
2013		111,570		37,460		2.08		2,115
2012		96,615		39,488		1.79		1,833
2011		89,100		41,476	44	1.64		1,594
2010		82,985		43,426	44	1.54		1,484
2009		74,220		2,062	84	1.42		1,419
2008		66,905		2,174	124	1.5		1,214

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, 2017**  
**(In Thousands)**

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2017					\$	180,595
Reimbursement for revenue loss on:						
Tax relief for the elderly						-
Base					\$	<u>180,595</u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Bonds</b>	
Debt Limitation:						
2-1/4 times base	\$ 406,339	\$	\$	\$	\$	
4-1/2 times base		812,678				
3-3/4 times base			677,231			
3-1/4 times base				586,934		
3 times base						541,785
Total debt limitation	<u>406,339</u>	<u>812,678</u>	<u>677,231</u>	<u>586,934</u>		<u>541,785</u>
Indebtedness:						
Bonds payable	43,231	42,885	43,034			
Notes payable	11,755	8,565	4,555			
CWF project loan obligation			28,966			
Authorized, unissued debt	37,741	30,165	13,603			
Less school construction grants		(99)				
Total indebtedness	<u>92,727</u>	<u>81,516</u>	<u>90,158</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 313,612</u>	<u>\$ 731,162</u>	<u>\$ 587,073</u>	<u>\$ 586,934</u>		<u>\$ 541,785</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,264,165).

TABLE 12

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$ 1,264,165	\$ 1,243,025	\$ 1,201,025	\$ 1,166,046	\$ 1,162,238	\$ 1,097,880	\$ 1,081,668	\$ 1,029,147	\$ 1,035,573	\$ 998,970
Total net debt applicable to limit	<u>264,401</u>	<u>242,207</u>	<u>209,101</u>	<u>221,221</u>	<u>214,742</u>	<u>185,100</u>	<u>201,730</u>	<u>188,550</u>	<u>175,948</u>	<u>183,701</u>
Legal Debt Margin	<u>\$ 999,764</u>	<u>\$ 1,000,818</u>	<u>\$ 991,924</u>	<u>\$ 944,825</u>	<u>\$ 947,496</u>	<u>\$ 912,780</u>	<u>\$ 879,938</u>	<u>\$ 840,597</u>	<u>\$ 859,625</u>	<u>\$ 815,269</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.92%	19.49%	17.41%	18.97%	18.48%	16.86%	18.65%	18.32%	16.99%	18.39%

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, 2017**  
**(In Thousands)**

Long-term bonded (1)	
Bonds:	
Public Improvement	\$ 43,231
Schools	42,885
Sewers	43,034
Clean Water	<u>28,966</u>
Total long-term bonded debt	158,116
Short-term debt:	
Bond Anticipation Notes	<u>24,875</u>
Total Direct Debt	182,991
Less School Construction Grants - State of Connecticut (2)	<u>(99)</u>
Total Net Direct Debt and Overall Net Debt	<u><u>\$ 182,892</u></u>

Note: The City has no overlapping or underlying debt.

Population (3)	52,536
Net Taxable Grand List (10/01/14)	\$ 6,421,618
Estimated Full Value (70%)	\$ 9,173,740
Equalized Grand List (10/1/13) (4)	\$ 9,270,939
Money Income Per Capita (2010) (1)	\$ 41,384

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>
Per Capita	\$ 3,483.15	\$ 3,481.27
Ratio to net Taxable Grand List	2.85%	2.85%
Ratio to Estimated Full Value	1.99%	1.99%
Ratio to Equalized Grand List	1.97%	1.97%
Debt per Capita to Money Income per Capita	8.42%	8.41%

\*Presented in thousands

(1) Excludes capital leases

(2) See "School Building Grant Reimbursements" herein

(3) U.S. Department of Commerce, Fiscal Year 2017 estimate based on the April 1, 2010 Census.

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

TABLE 14

**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)					
2017	2015	\$ 6,421,618	\$ 9,173,740	\$ 158,017	2.46	1.72	52,536	\$ 3,007.79	7.27
2016	2014	6,388,019	9,125,737	152,665	2.39	1.67	52,894	2,886.24	7.32
2015	2013	6,385,238	9,120,339	157,414	2.47	1.73	52,759	2,983.64	8.74
2014	2012	6,418,236	9,168,908	155,520	2.42	1.70	52,759	2,947.74	10.21
2013	2011	6,399,852	9,142,646	148,010	2.31	1.62	52,759	2,805.40	9.71
2012	2010	5,410,069	10,578,868	112,669	2.08	1.07	52,759	2,015.29	6.98
2011	2009	5,430,922	10,603,075	128,728	2.37	1.21	55,907	2,302.54	7.97
2010	2008	5,377,363	10,578,868	80,622	1.50	0.76	55,907	1,442.07	4.99
2009	2007	5,251,646	10,603,075	74,862	1.43	0.71	55,455	1,349.96	4.63
2008	2006	4,472,546	10,546,040	67,342	1.50	0.94	55,127	1,217.48	4.22

(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, Fiscal Year 2017 estimate based on the April 1, 2010 Census.

(5) Money Income Per Capita: \$41,384, U.S. Census Bureau/American Community Survey 2012-2016, used for FY2017 calculations.

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

**CITY OF MILFORD, CONNECTICUT  
AUTHORIZED BUT UNISSUED DEBT  
JUNE 30, 2017**

Project	Total Amount of Authorization	Bonds Issued	Statutory Paydown	Grants	Note Payable Due 11/6/2017	Authorized But Unissued		
						General Purpose	Schools	Sewers
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	802,000				93,000		
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	3,175,200		68,053		104,247		
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	3,877,185		361,092	385,000	(2,977)		
Various Public Improvements (Apr 08)	3,715,559	3,085,450			81,000	549,109		
Various Public Improvements (Feb 10)	6,292,000	5,840,600		12,725	2,000	436,675		
Various Public Improvements (Feb 11)	6,588,000	5,707,500				880,500		
Various Public Improvements (Apr 11)	1,685,000	1,432,000				253,000		
Eastside Firehouse	4,950,000	4,398,000				552,000		
Woodmont Beach FEMA (Mar 12)	534,000	123,000		402,112		8,888		
Various Public Improvements (Feb 12)	6,088,600	2,696,000		614,291		2,778,309		
Various Public Improvements (Feb 13)	7,533,000	5,609,500			194,000	1,729,500		
Various Public Improvements (Feb 14)	8,717,500	1,887,000		6,250	2,582,000	4,242,250		
Various Public Improvements (Feb 15)	10,307,230	1,733,000		620,180	536,000	7,418,050		
Various Public Improvements (Feb 16)	12,889,500	1,246,000		419,765	5,741,000	5,482,735		
Various Public Improvements (Jan 17)	9,671,200				1,035,000	8,636,200		
April 2017 Gulf Street Road Construction	3,300,000					3,300,000		
Naugatuck Ave Drainage Imp Phase 2: Sep. 2015	3,759,266	380,000		1,284,873	1,199,000	895,393		
General Public Improvements	1,775,538	1,751,800				23,738		
<b>Subtotal General Improvement</b>	<b>106,331,758</b>	<b>53,044,400</b>	<b>2,400</b>	<b>3,789,342</b>	<b>11,755,000</b>	<b>37,740,617</b>	<b>-</b>	<b>-</b>
Various School Improvements (Feb 07)	18,489,511	12,591,600		5,282,494			615,417	
Various School Improvements (Apr 08)	1,440,000	1,197,300		232,883	28,700			
J. Law Phase III Construction (Aug 09)	4,050,000	2,500,000		1,332,513			217,487	
Various School Improvements (Feb 10)	9,640,000	6,121,400		2,976,430			542,170	
Various School Improvements (Feb 11)	5,630,000	3,634,806		1,990,194	4,000		1,000	
Various School Improvements (Feb 12)	12,002,883	5,770,000		5,298,629			934,254	
Various School Improvements (Feb 13)	9,449,948	4,552,000		4,218,629	100,000		579,319	
Various School Improvements (Feb 14)	3,456,229	2,167,000		828,379	662,000			
Various School Improvements (Feb 15)	10,390,000	2,946,700		657,255	2,810,300		3,975,745	
Various School Improvements (Feb 16)	6,599,500	2,038,000			1,960,000		2,601,500	
Various School Improvements (Jan 17)	23,697,989				3,000,000		20,697,989	
<b>Subtotal Schools</b>	<b>104,846,060</b>	<b>43,518,806</b>	<b>-</b>	<b>22,817,405</b>	<b>8,565,000</b>	<b>-</b>	<b>30,164,882</b>	<b>-</b>

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT  
AUTHORIZED BUT UNISSUED DEBT (CONTINUED)  
JUNE 30, 2017**

Project	Total Amount of Authorization	Bonds Issued	Statutory Paydown	Grants	Note Payable Due 11/6/2017	Authorized But Unissued		
						General Purpose	Schools	Sewers
Wastewater Facilities Upgrade	\$ 33,150,940	\$ 30,508,200	\$	\$	\$ 150,000	\$	\$	\$ 2,492,740
Sewers XIII	2,555,000	2,092,400						462,600
Sewers XIV Design Phase	930,000	589,400						340,600
East/West Interceptor	4,250,000	4,065,000						185,000
Buckingham Ave Force Main	4,650,000	4,030,000						620,000
Roger Ave Pump & High St Sewer	2,623,500	1,500,000						1,123,500
Sewers XV	4,625,000	3,230,800						1,394,200
Sewers XVI	275,000	253,000						22,000
Sewers XVII	2,319,155	2,232,000						87,155
Sewers XVIII	4,034,679	3,610,000			70,000			354,679
Sewers XIX	187,000	172,000						15,000
Rock St & Welches Point Pump Stations Feb 2015	6,934,670	315,000			3,287,000			3,332,670
Sewer Darina Place February 2015	550,000	407,000			20,000			123,000
Indian River Interceptor Phase 3 Feb. 2015	1,869,321	1,081,000			574,000			214,321
Edgefield Ave Sewer Pipe Lining Feb. 2016	2,291,050	8,000			242,000			2,041,050
Beaver Brook Wastewater Plant Feb. 2016	700,150	3,000			62,000			635,150
Edgefield Ave - Seabreeze Ave Sewer Feb. 2016	455,000	146,000			150,000			159,000
<b>Subtotal Sewers</b>	<b>72,400,465</b>	<b>54,242,800</b>	<b>-</b>	<b>-</b>	<b>4,555,000</b>	<b>-</b>	<b>-</b>	<b>13,602,665</b>
<b>Totals</b>	<b>\$ 283,578,283</b>	<b>\$ 150,806,006</b>	<b>\$ 2,400</b>	<b>\$ 26,606,747</b>	<b>\$ 24,875,000</b>	<b>\$ 37,740,617</b>	<b>\$ 30,164,882</b>	<b>\$ 13,602,665</b>

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

<b>Calendar Year</b>	<b>Population(1)</b>	<b>Per Capita Income(2)</b>	<b>Total Personal Income</b>	<b>Median Age(2)</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>
2017	52,536	\$ 41,384	\$ 2,174,149,824	44.1	5,885	4.4
2016	53,039	40,797	2,163,832,083	43.6	6,125	4.7
2015	52,759	39,822	2,100,968,898	42.7	6,245	4.5
2014	52,759	39,822	2,100,968,898	42.5	6,602	6.0
2013	52,759	38,351	2,023,360,409	43.3	6,659	7.1
2012	52,759	38,351	2,023,360,409	43.3	6,849	6.9
2011	55,907	28,832	1,611,910,624	39.4	7,069	7.8
2010	55,907	28,882	1,614,705,974	39.4	7,166	8.6
2009	55,455	28,882	1,601,651,310	39.4	7,306	7.5
2008	55,127	28,882	1,592,178,014	39.4	7,374	5.0

(1) Source: U.S. Department of Commerce, Fiscal Year 2017 estimate based on the April 1, 2010 Census.  
of Public Health

(2) Source: U.S. Census Bureau/American Community Survey 2012-2016, used for FY2017 calculations.

(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  
2017 AND 2008**

Business Name	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
City of Milford Board of Education	Municipal School System	1,319	1	4.47%	1,368	1	4.40%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	979	2	3.32%	638	4	2.05%
Milford Hospital	Healthcare	770	3	2.61%	882	2	2.84%
City of Milford	Municipal Government	538	4	1.82%	559	5	1.80%
Schick	Manufacturer - Razors	500	5	1.70%	700	3	2.25%
Neopost Hasler, Inc.	Postage Meter Company	381	6	1.29%			
Macy's	Retail Department Store	320	7	1.09%	260	9	0.84%
Shop Rite	Food Retail	315	8	1.07%	251	10	0.81%
Super Stop & Shop	Food Retail	273	9	0.93%			
Costco	Wholesale Club	256	10	0.87%			
Alinabal	Manufacturer			0.00%	268	8	0.86%
BIC Corporation	Manufacturer Lighters				427	6	1.37%
Walmart	Retail Department Store				320	7	1.03%
Total		5,651		19.17%	5,673		18.26%
Total Employment		29,484			31,061		

Source: City of Milford, Office of Community Development

TABLE 18

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	135	119	130	128	126	118	127	127	126	126
Police	133	137	129	127	128	127	130	130	129	132
Fire	117	121	121	121	123	126	127	127	127	127
Refuse collection	22	27	29	31	30	31	33	33	31	33
Other public works	76	79	74	77	79	79	84	85	81	87
Wastewater	31	31	31	31	31	31	29	27	25	31
Parks and recreation	5	6	6	6	6	6	7	7	7	7
Library	19	19	19	20	19	19	19	19	19	19
Education	<u>1039</u>	<u>1069</u>	<u>1086</u>	<u>1076</u>	<u>1106</u>	<u>1112</u>	<u>1121</u>	<u>1162</u>	<u>1182</u>	<u>1028</u>
Total	<u>1577</u>	<u>1608</u>	<u>1625</u>	<u>1649</u>	<u>1677</u>	<u>1717</u>	<u>1727</u>	<u>1590</u>	<u>1580</u>	<u>1,562</u>

Source: Various City Departments

TABLE 19

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Building permits issued	63	71	60	71	67	35	52	68	67	47
All other permits	1,244	1,246	1,019	994	1,179	3,377	2,966	2,826	2,705	3,221
Building inspections conducted	6,381	5,756	4,994	5,923	5,201	4,878	4,750	5,878	7,581	8,265
Police:										
Physical arrests	1,339	1,541	988	1,267	1,251	2,806	2,773	1,900	2,065	1,772
Parking violations	1,108	1,337	1,270	900	1,748	3,622	4,299	4,673	3,637	4,097
Traffic violations	4,401	2,899	4,112	2,260	2,221	9,277	8,341	8,224	11,507	9,241
Fire:										
Emergency responses	8,500	7,900	7,854	7,617	7,951	8,108	7,749	7,819	7,369	7,731
Fires extinguished	140	259	148	140	126	201	180	150	169	265
Refuse collection:										
Refuse collected (tons per day)	15,757	16,595	14,611	15,597	16,192	11,154	15,224	15,590	14,604	14,142
Recyclables collected (tons per day)	4,317	4,090	3,946	4,224	4,354	4,273	2,557	2,575	2,779	3,239
Other public works:										
Street resurfacing (miles)	20.00	12.68	8.30	4.70	3.3	2.50	2.26	5.84	2.50	6.23
Potholes repaired (info not available)										
Parks and recreation:										
Athletic field permits issued	1,260	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Community Center admissions	6,235	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939
Library:										
Volumes in collection	130,394	125,852	129,341	127,773	128,182	126,055	126,118	124,590	120,506	121,159
Total volumes borrowed	172,909	171,632	183,797	193,511	195,902	198,276	211,825	220,213	210,245	195,837
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7,452	6,876	7,235	8,700	8,700	10,000	10,000	8,700	10,250	10,250

Source: Various City Departments



TABLE 20

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	42	43	42	42	40	40	40	40	40	40
Fire stations	6	6	4	4	4	5	5	5	5	5
Refuse collection:										
Collection trucks	15	13	13	13	13	15	11	11	11	11
Other public works:										
Streets (miles)	204	204	199	199	199	199	199	199	199	199
Traffic signals	137	137	136	136	136	135	134	134	134	131
Parks and recreation:										
Open space parks	8	8	8	8	8	8	8	8	8	8
Ball/Soccer/Football fields	40	38	38	38	38	38	38	38	38	38
Playgrounds	20	20	20	20	19	19	23	23	23	23
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	5	5	5	5	5	5	5	5	5	5
Beach front mileage	11	11	11	11	11	11	11	11	11	11
Public beaches	5	5	5	5	5	5	5	5	5	5
Marina	1	1	1	1	1	1	1	1	1	1
Golf course - 9-hole executive	1	1	1	1	1	1	1	1	1	1
Water:										
Fire hydrants	1,425	1,689	1,415	1,404	1,410	1,407	1,402	1,397	1,390	1,377
Storage capacity (millions of gallons)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Wastewater:										
Sanitary sewers (miles)	263	263	262	262	260	260	260	260	260	260
Treatment capacity (thousands of gallons)	14,250	14,250	14,250	14,250	14,250	14,250	14,250	14,250	11,100	11,100
Education:										
High schools	2	2	2	2	2	2	2	2	2	2
Middle schools	3	3	3	3	3	3	3	3	3	3
Elementary schools	8	8	8	8	8	8	8	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*
2017	55	\$ 11,210	8	\$ 8,316	1,244	\$ 47,457	1,307	\$ 66,983
2016	65	11,852	6	17,344	1,246	37,482	1,317	66,678
2015	54	7,887	6	6,706	1,019	31,675	1,079	46,268
2014	63	12,221	8	1,015	994	27,818	1,065	41,054
2013	48	6,120	19	4,520	1,179	37,973	1,246	48,613
2012	33	5,614	2	2,835	3,377	54,638	3,412	63,087
2011	34	5,799	5	1,755	2979	45,933	3,018	53,487
2010	50	8,735	9	5,228	1,067	36,720	1,126	50,683
2009	29	6,444	18	4,786	1,165	27,692	1,212	38,922
2008	34	7,195	13	7,828	3,223	81,867	3,268	96,890

(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.