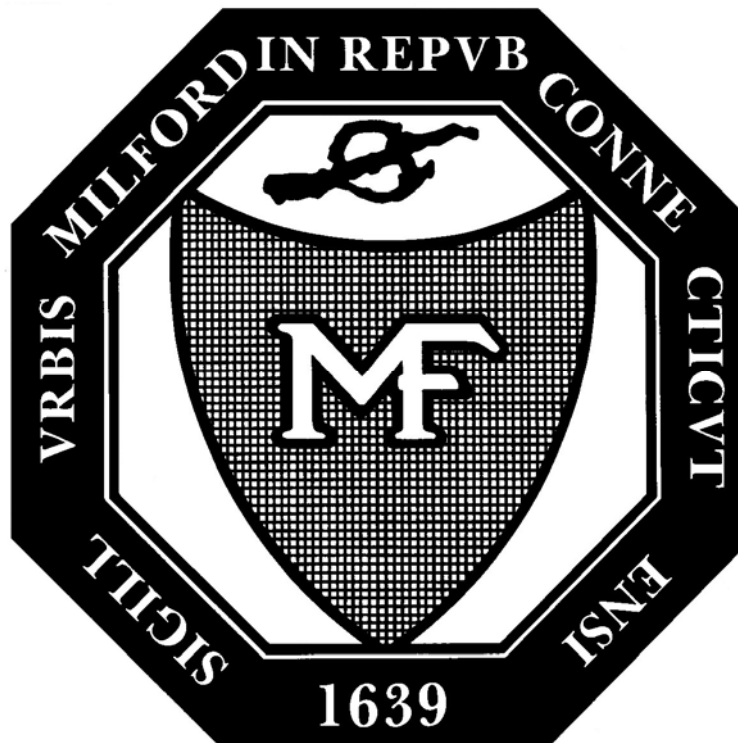


City of Milford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

City of Milford, Connecticut Connecticut

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
City of Milford Finance Department

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

**ARIANE P. SWIFT
CITY ACCOUNTANT**

**CITY OF MILFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2018**

Introductory Section		Page
	Organizational Chart	i
	List of Principal Officials	ii
	Letter of Transmittal	iii-ix
	GFOA Certificate of Achievement	x
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
	Basic Financial Statements	
Exhibit		
	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	23-69
	Required Supplementary Information	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	70-72
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	73-75
	Pension Funds:	
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios	76
RSI-4	Schedule of Employer Contributions	77
RSI-5	Schedule of Investment Returns	78
RSI-6	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	79
	OPEB Plans:	
RSI-7	Schedule of Changes in Net OPEB Liability and Related Ratios - City OPEB Plan	80
RSI-8	Schedule of Employer Contributions - City OPEB Plan	81
RSI-9	Schedule of Investment Returns - City OPEB Plan	82
RSI-10	Schedule of Changes in Total OPEB Liability and Related Ratios - BOE OPEB Plan	83
RSI-11	Schedule of the City's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	84

CITY OF MILFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2018

<u>Exhibit</u>		<u>Page</u>
	Supplemental, Combining and Individual Fund Statements and Schedules	
	General Fund:	
A-1	Comparative Balance Sheet	85
A-2	Report of Tax Collector	86
A-3	Board of Education Schedule of Expenditures and Encumbrances Compared with Appropriations	87-89
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	90-91
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92-93
	Nonmajor Proprietary Funds:	
C-1	Combining Statement of Net Position	94
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	95
C-3	Combining Statement of Cash Flows	96
	Internal Service Funds:	
D-1	Combining Statement of Net Position	97
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	98
D-3	Combining Statement of Cash Flows	99
	Fiduciary Funds:	
	Agency Funds:	
E-1	Combining Balance Sheet	100
E-2	Combining Statement of Changes in Assets and Liabilities	101

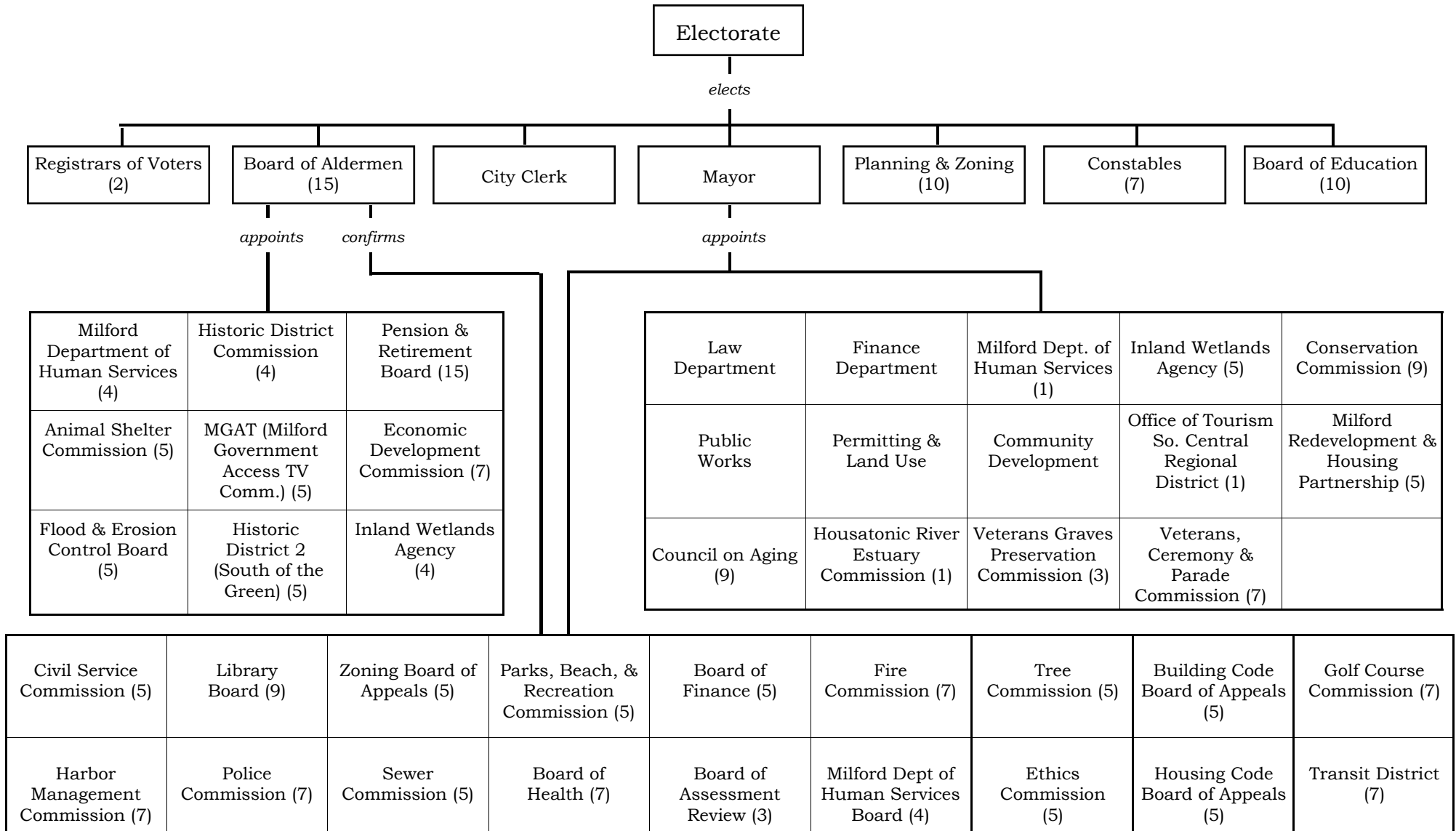
**CITY OF MILFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2018**

Table	Statistical Section	Page
	Financial Trends:	
1	Net Position by Component	102
2	Changes in Net Position	103-104
3	Fund Balances, Governmental Funds	105
4	Changes in Fund Balances, Governmental Funds	106
5	Nine Year Summary of Audited Revenues and Expenditures, Next Fiscal Year Budget	107
6	Capital Improvement Program	108
	Revenue Capacity:	
7	Assessed Value and Estimated Actual Value of Taxable Property	109
8	Principal Property Taxpayers	110
9	Property Tax Levies and Collections	111
	Debt Capacity:	
10	Ratio of Outstanding Debt by Type	112
11	Schedule of Debt Limitation	113
12	Legal Debt Margin Information	114
13	Debt Statement and Current Debt Ratios	115
14	Ratios of Net Long-Term Debt to Valuation, Population and Income	116
15	Authorized But Unissued Debt	117-118
	Demographic and Economic Statistics:	
16	Demographic and Economic Statistics	119
17	Principal Employers	120
	Operating Information:	
18	Full-Time Equivalent City Government Employees by Function/Program	121
19	Operating Indicators by Function/Program	122
20	Capital Asset Statistics by Function/Program	123
21	Building Permits and Value of Construction	124



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
Scott Firmender
Jennifer Federico
Warren Pawlowski
Una Petroske
Rita Hennessey
Craig Zentkovich
Claire Casey
Adam DeYoung

Appointed Officials

Dr. Anna Cutaia, 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, 2019

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, 2018 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 53,430 (2012-2016 Census Survey). 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 2016 census data shows that Milford's median family income was \$103,455, compared to the State's \$91,274 and the median age of a Milford resident was 44.3 years.

The City's unemployment rate was 3.7% through August 2018 as compared to the State of Connecticut at 4.0%. The decrease in the unemployment rate from 4.0% to 3.7% 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, 2017 was \$6.6 billion which represents an increase of \$28 million over the grand list of October 1, 2016. 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 7.83% 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.

The City of Milford had a strong 2017 with the highest recorded registration of businesses in over a decade, which is a 9% increase in business starts from 2016. The businesses range from small home businesses to medical offices and construction. The City continues to outpace all surrounding towns in business activity. This growth has allowed Milford to cut taxes for three consecutive years, furthering small business growth and helping the local economy.

With respect to employment, retail, manufacturing, and health care remain the top industry employers in Milford. All top industry employers had a healthy 2% increase in annual average wage with manufacturing increasing its annual wage 6.5%. The top employers in Milford have consistently included Subway World Headquarters, Milford Hospital, and Schick-a leading manufacturer of razors.

Construction permits are additional signs of economic strength within Milford. The latest numbers for the 2017-2018 year already predict major growth with 496 units as of July 2018. Most notably, commercial activity is up considerably. The value of permits has risen 56% or over \$9 million in comparison to the 2016-2017 and 2017-2018 years.

The downtown transit oriented development project at River-High Street continues to move along with a conceptual site plan and market analysis completed in the fall of 2017. A request for qualifications was done in the spring of 2018. The City presented a development plan to the Board of Aldermen in February 2019 which will provide a mixed-use building that will blend with the character of Milford downtown area. It will include 50 apartments, over 12,000 sq. ft. of retail, and a 125 space underground parking garage with most of the spaces available for the City to use. In addition, redevelopment plans are moving forward for the Village Marina at 40 Bridgeport Avenue to include upgrading docks and a new brewery called Dockside Waterfront Biergarten and Brewery Other new breweries in Milford are Tribus Beer Co. on Raton Drive and Milford Point Brewing on Woodmont Road. Milford Point Brewing is already set for a large expansion with a tasting room planned for construction in the winter of 2018.

Two major additions to the Connecticut Post Mall arrived in the fall of 2018: Boscov's department store and Dave & Buster's. The Mall continues to attract new businesses and to enhance its facility with energy-efficient upgrades.

Milford's office and manufacturing park sectors include an array of new businesses with the opening of Barnhill Organic Supplies, Smart Signs Pro LLC, and Alhailil Distributors on Eastern Steel Road. At Wheeler's Farm Road office park, the City welcomed Metro Auctions LLC auctioneers and liquidators.

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 FY2018, 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 FY17 and FY18, the City planned for adjustments in certain grants and others with level funding. In FY18, state grants were budgeted at \$11 million and funded 5.4% of the City's budget. In FY17, state grants were budgeted at \$15million, which was 7.4% of the budget. The Education Cost Sharing Grant, which is a major grant for the City, decreased from \$11.2million budgeted in FY17 to \$8.3 million budgeted in FY18.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. The City negotiated a wage increase of 2.5% for FY18 for most City unions and gave the same to the non-represented employees. In FY17 and FY18, the Education Operations (EO) budget increased 0.7% and 0.4% and the City's budget increased 1.5% and 0.9% respectively. Some of the key reasons for the City's increase were as follows: a \$780 thousand increase in the pension annual contribution, a \$653 thousand increase in debt service, and approximately \$921 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 planned microgrid at the Parsons Government Center complex.

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 eight of the nine City unions except for Nurses 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 as the sole 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 audit 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, 2017. This was the fourteenth 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.

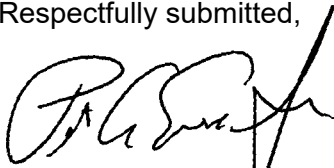
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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. Erodici, Jr.", with a long, sweeping vertical line extending downwards from the end of the signature.

Peter A. Erodici, Jr.
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Milford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section

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, 2018, 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, 2018 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 15 to the financial statements, during the fiscal year ended June 30, 2018, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Milford, Connecticut, has been restated to recognize the net Other Postemployment Benefit liability in accordance with GASB No. 75. 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

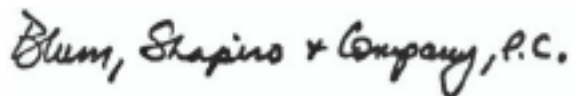
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Milford, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated February 25, 2018, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019 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.

A handwritten signature in dark ink that reads "Blum, Shapiro & Company, P.C." followed by a vertical line.

West Hartford, Connecticut
February 25, 2019

**CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. This is the sixteenth 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 \$8 thousand and net position of our governmental activities decreased by \$15 million. The business activities net position decrease was attributable to a maintenance project at the Golf Course. 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 \$15 million more than the \$259 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$274 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$43 million and unassigned fund balance of \$30million.
- 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)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017	2018	2017 (as Restated)
Current and other assets	\$ 109,423	\$ 113,636	\$ 540	\$ 494	\$ 109,963	\$ 114,130
Capital assets	408,859	389,438	3,351	3,400	412,210	392,838
Total assets	<u>518,282</u>	<u>503,074</u>	<u>3,891</u>	<u>3,894</u>	<u>522,173</u>	<u>506,968</u>
Deferred outflows of resources	<u>13,700</u>	<u>32,783</u>			<u>13,700</u>	<u>32,783</u>
Long-term debt outstanding	641,399	645,765			641,399	645,765
Other liabilities	46,861	48,143	25	20	46,886	48,163
Total liabilities	<u>688,260</u>	<u>693,908</u>	<u>25</u>	<u>20</u>	<u>688,285</u>	<u>693,928</u>
Deferred inflows of resources	<u>20,769</u>	<u>4,257</u>			<u>20,769</u>	<u>4,257</u>
Net position:						
Net investments in capital assets	215,426	203,122	3,351	3,400	218,777	206,522
Unrestricted	<u>(392,473)</u>	<u>(365,430)</u>	<u>515</u>	<u>474</u>	<u>(391,958)</u>	<u>(364,956)</u>
Total Net Position	<u>\$ (177,047)</u>	<u>\$ (162,308)</u>	<u>\$ 3,866</u>	<u>\$ 3,874</u>	<u>\$ (173,181)</u>	<u>\$ (158,434)</u>

Net position of the City's governmental activities decreased 9.1% (\$162) million compared to \$(177) 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 \$392 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 0.2% decrease (\$3.866million compared to \$3.874 million in the net position of business-type activities from 2017 to 2018.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 11,491	\$ 10,210	\$ 349	\$ 342	\$ 11,840	\$ 10,552
Operating grants and contributions	39,562	39,753			39,562	39,753
Capital grants and contributions	6,149	4,453		5	6,149	4,458
General revenues:						
Property taxes	191,359	187,587			191,359	187,587
Grants and contributions not restricted to specific purposes	9,340	10,965			9,340	10,965
Unrestricted investment earnings	1,045	402	3	1	1,048	403
Other general revenues	136	202			136	202
Total revenues	<u>259,082</u>	<u>253,572</u>	<u>352</u>	<u>348</u>	<u>259,434</u>	<u>253,920</u>
Expenses:						
General government	20,608	22,007			20,608	22,007
Administration	3,206	3,505			3,206	3,505
Public safety	36,630	39,698			36,630	39,698
Public services	27,502	20,819			27,502	20,819
Education	173,258	172,388			173,258	172,388
Health and welfare	2,449	3,825			2,449	3,825
Sewer	5,116	5,964			5,116	5,964
Interest on long-term debt	5,087	4,834			5,087	4,834
Milford Golf Course			69	78	69	78
Harbor management			256	250	256	250
Total program expenses	<u>273,856</u>	<u>273,040</u>	<u>325</u>	<u>328</u>	<u>274,181</u>	<u>273,368</u>
Change in net position before transfers	(14,774)	(19,468)	27	20	(14,747)	(19,448)
Transfers in (out)	<u>35</u>	<u>100</u>	<u>(35)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(14,739)	(19,368)	(8)	(80)	(14,747)	(19,448)
Beginning Net Position	(162,308)	87,037	3,874	3,954	(158,434)	90,991
Restatement for GASB 75		<u>(229,977)</u>			<u>-</u>	<u>(229,977)</u>
Ending Net Position	<u>\$ (177,047)</u>	<u>\$ (162,308)</u>	<u>\$ 3,866</u>	<u>\$ 3,874</u>	<u>\$ (173,181)</u>	<u>\$ (158,434)</u>

The City's total revenues were \$259 million. The total cost of all programs and services was \$274 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues increased by \$5.5 million from 2016. Most of the increase is attributable to higher fee collections, capital grants and contributions, and property tax collections.

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

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Public safety	\$ 36,630	\$ 39,698	\$ 31,640	\$ 35,041
Public services	27,502	20,819	23,321	14,247
Education	173,258	172,388	129,295	133,054
All others	36,466	40,135	32,398	36,282
Totals	\$ <u>273,856</u>	\$ <u>273,040</u>	\$ <u>216,654</u>	\$ <u>218,624</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by 1.2% (\$352 thousand in 2018 compared to \$348 thousand in 2017) and expenses decreased by 0.9% (\$325 thousand in 2018 versus \$328 thousand in 2017).

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 19.3million, which is a decrease of \$1.7 million over last year's major fund balance of \$21 million. Included in this year's total change in fund balance, is an increase of \$6.6 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 \$5 million of general fund balance was assigned in 2017 to support the 2018 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 an increase 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 \$1.5 million primarily due to higher than expected workers' compensation expenses and health insurance costs. The Enterprise Funds' net position decreased from last year by about \$8 thousand mainly due to a capital contribution for a capital project at the Golf Course.

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$3.4 million due to a higher collection rate than was used in the budget and collection of delinquent taxes.
- State aid revenue was more than budgeted by \$431 thousand. This was mainly due to Education Cost Sharing grant revenue coming in higher than budget. Investment Income - revenues from the investment of idle funds were more than budgeted by \$653 thousand due to slightly higher interest rates and more money on deposit in the Connecticut Short Term Investment Fund.
- Other Revenue was \$539 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$1.2 million above budget mainly due to higher than anticipated conveyance taxes, paramedic fees, building inspection fees, recording fees and residential waste fee revenue. 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 \$2.4 million on the expenditure side.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the City's governmental activities had \$409 million invested in a broad range of capital assets, including land, buildings, park and recreation facilities, vehicles and equipment, roads, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$19.4 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 49.7	\$ 45.6	\$ 1.7	\$ 1.7	\$ 51.4	\$ 47.3
Construction in progress	40.6	138.3			40.6	138.3
Buildings and improvements	234.9	135.4	1.5	1.6	236.4	137.0
Machinery and equipment	15.8	16.0	0.1	0.2	16.0	16.2
Infrastructure	67.8	54.2			67.8	54.2
Totals	<u>\$ 408.9</u>	<u>\$ 389.5</u>	<u>\$ 3.4</u>	<u>\$ 3.5</u>	<u>\$ 412.2</u>	<u>\$ 393.0</u>

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

Sewer Facilities Upgrade	\$ 102,002
Sewer Facilities Improvements	1,056
Jonathan Law High School Tile Replacement & Asbestos Project	1,345
Harborside School Window Replacement	861
JFK School Roof Replacement	1,312
Live Oaks School Roof Replacement	861
Meadowside School Roof Replacement	848
Orange Avenue School Roof Replacement	806
School Security Enhancements Phase II	245
School Security Enhancements Phase III	222
School Security Enhancements Phase IV	223
School Security Enhancements Phase V	1,015
School Security Enhancements Phase VI	838
High School Athletics Facilities	759
Meadowside Traffic & Safety Enhancement Project	583
Orange Avenue Recreational Complex - Multi Purpose YMCA	3,920
Various Tennis Courts Rehabilitation Projects	913
Margaret Eagan Roof	346
Land Acquisition - 130 Boston Post Road	4,109
Westshore Middle School - CIP	10,372
North Street Park Properties - CIP	891
Naugatuck Ave Drainage - CIP	618
Parsons Roof & Facilities Upgrade - CIP	607
Police Equipment and Vehicles	325
Public Works Equipment and Vehicles	287
Fire Department Equipment and Vehicles	273
	<u>135,637</u>
	<u>\$ 135,637</u>

The City's fiscal-year 2018-2019 capital plan has \$52 million of capital projects planned. School building renovations are estimated at \$17 million, and public service projects at \$32.7 million and Sewer projects at \$3 million. However, an estimated \$30 million new police station is still in the planning stages and will not be completed in FY19. Of the total estimated \$52 million, it is expected to finance \$46 million with bonds and \$6 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, 2018, the City had \$187 million in bonds and notes outstanding versus \$183 million last year - an increase of 2.3% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 7.

Table 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	2018	2017
General obligation bonds (backed by the City)	\$ 136,695	\$ 129,150
Bond anticipation notes (backed by the City)	23,795	24,875
Long-term note payable	<u>26,734</u>	<u>28,966</u>
Totals	<u>\$ 187,224</u>	<u>\$ 182,991</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 2018 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 4.0% to 3.7%. In comparison, the figures for the State of Connecticut also have remained relatively stable at 4.0%.

These indicators were taken into account when adopting the General Fund budget for 2018-2019. The adopted budget for FY 2019 is \$210 million, an increase of 2% over the final 2018 budget of 206. No new programs or initiatives were added to the 2019 budget. State grants were assumed to fund 6% of the 2019 budget as compared to 5% of the 2018 budget.

If estimates are realized, the City's June 30, 2019 budgetary General Fund balance is expected to be \$5.3 million lower than the June 30, 2018 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 2018-2019 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, 2018
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 92,848	\$ 518	\$ 93,366
Investments	3,061		3,061
Receivables, net	13,477		13,477
Internal balances	(22)	22	-
Inventory	38		38
Prepaid items and other assets	21		21
Capital assets:			
Capital assets not being depreciated	90,301	1,654	91,955
Capital assets being depreciated, net	318,558	1,697	320,255
Total assets	518,282	3,891	522,173
Deferred Outflows of Resources:			
Deferred charge on refunding	4,045		4,045
Deferred outflows related to pensions	9,550		9,550
Deferred outflows related to OPEB	105		105
Total deferred outflows of resources	13,700	-	13,700
Liabilities:			
Accounts and other payables	19,768	25	19,793
Unearned revenue	2,472		2,472
Due to other governments	826		826
Bond anticipation notes payable	23,795		23,795
Noncurrent liabilities:			
Due within one year	14,452		14,452
Due in more than one year	626,947		626,947
Total liabilities	688,260	25	688,285
Deferred Inflows of Resources:			
Advance property tax collection	494		494
Advance sewer collections	26		26
Deferred inflows related to pensions	4,297		4,297
Deferred inflows related to OPEB	15,952		15,952
Total deferred inflows of resources	20,769	-	20,769
Net Position:			
Net investments in capital assets	215,426	3,351	218,777
Unrestricted	(392,473)	515	(391,958)
Total Net Position	\$ (177,047)	\$ 3,866	\$ (173,181)

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 20,608	\$ 1,956	\$ 399	\$	\$ (18,253)	\$	\$ (18,253)
Administration	3,206				(3,206)		(3,206)
Public safety	36,630	4,665	325		(31,640)		(31,640)
Public services	27,502	1,469	805	1,907	(23,321)		(23,321)
Education	173,258	2,491	37,230	4,242	(129,295)		(129,295)
Health and welfare	2,449	854	803		(792)		(792)
Sewer	5,116	56			(5,060)		(5,060)
Interest on long-term debt	5,087				(5,087)		(5,087)
Total governmental activities	<u>273,856</u>	<u>11,491</u>	<u>39,562</u>	<u>6,149</u>	<u>(216,654)</u>	<u>-</u>	<u>(216,654)</u>
Business-type activities:							
Nonmajor Enterprise Funds:							
Milford Golf Course	69	89				20	20
Harbor Management	256	260				4	4
Total business-type activities	<u>325</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Total	<u>\$ 274,181</u>	<u>\$ 11,840</u>	<u>\$ 39,562</u>	<u>\$ 6,149</u>	<u>(216,654)</u>	<u>24</u>	<u>(216,630)</u>
General revenues:							
Property taxes					191,359		191,359
Grants and contributions not restricted to specific programs					9,340		9,340
Unrestricted investment earnings					1,045	3	1,048
Other general revenues					136		136
Transfers					35	(35)	-
Total general revenues and transfers					<u>201,915</u>	<u>(32)</u>	<u>201,883</u>
Change in Net Position					(14,739)	(8)	(14,747)
Net position at Beginning of Year, as Restated					<u>(162,308)</u>	<u>3,874</u>	<u>(158,434)</u>
Net Position at End of Year					<u>\$ (177,047)</u>	<u>\$ 3,866</u>	<u>\$ (173,181)</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(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>
ASSETS					
Cash and cash equivalents	\$ 44,415	\$ 6,111	\$ 3,982	\$ 18,051	\$ 72,559
Investments	3,061				3,061
Receivables, net	11,953	771		655	13,379
Due from other funds	8,930	262		298	9,490
Inventories				38	38
Prepaid items and other assets	21				21
Total Assets	<u>\$ 68,380</u>	<u>\$ 7,144</u>	<u>\$ 3,982</u>	<u>\$ 19,042</u>	<u>\$ 98,548</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 11,587	\$ 1,820	\$ 752	\$ 2,624	\$ 16,783
Other liabilities		352	935	305	1,592
Due to other governments	808	18			826
Due to other funds	630	7,257	1,424	479	9,790
Unearned revenue	113	1,953		406	2,472
Bond anticipation notes payable		5,755	14,890	3,150	23,795
Total liabilities	<u>13,138</u>	<u>17,155</u>	<u>18,001</u>	<u>6,964</u>	<u>55,258</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	5,513				5,513
Unavailable revenue - property taxes interest	5,882				5,882
Unavailable revenue - special assessments	24			129	153
Advance sewer collections				26	26
Advance property tax collections	494				494
Total deferred inflows of resources	<u>11,913</u>	<u>-</u>	<u>-</u>	<u>155</u>	<u>12,068</u>
Fund balances:					
Nonspendable	21			38	59
Restricted				941	941
Committed	1,368			14,688	16,056
Assigned	11,700				11,700
Unassigned	30,240	(10,011)	(14,019)	(3,744)	2,466
Total fund balances	<u>43,329</u>	<u>(10,011)</u>	<u>(14,019)</u>	<u>11,923</u>	<u>31,222</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,380</u>	<u>\$ 7,144</u>	<u>\$ 3,982</u>	<u>\$ 19,042</u>	<u>\$ 98,548</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 31,222
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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	\$ 565,401	
Less accumulated depreciation	(156,542)	
Net capital assets		408,859

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	5,513
Interest receivable on property taxes	5,882
Assessments receivable	153
Interest receivable on assessments	98
Deferred outflows related to pensions	9,550
Deferred outflows related to OPEB	105

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

13,275

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	(163,429)
Accrued interest payable	(855)
Compensated absences	(18,066)
Bond premium	(10,254)
Net pension liability	(62,743)
Total/Net OPEB liability	(380,153)
Deferred inflows related to pensions	(4,297)
Deferred inflows related to OPEB	(15,952)
Deferred charges on refunding	4,045

Net Position of Governmental Activities (Exhibit I)	\$ <u>(177,047)</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, 2018
(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	\$ 181,284	\$	\$	\$ 7,770	\$ 189,054
Fines, forfeitures, penalties and interest	1,732			51	1,783
Intergovernmental	33,542	1,907	3,063	8,174	46,686
Charges for services	4,444	260		4,756	9,460
Investment income	806	90		149	1,045
Other	7,259			3,418	10,677
Total revenues	<u>229,067</u>	<u>2,257</u>	<u>3,063</u>	<u>24,318</u>	<u>258,705</u>
Expenditures:					
Current:					
General government	4,147			529	4,676
Administration	2,747				2,747
Public safety	26,464			2,805	29,269
Public services	11,621			948	12,569
Education	133,893			8,134	142,027
Health and welfare	1,573			1,785	3,358
Sewer				6,271	6,271
General charges	25,112				25,112
Grants to agencies	2,628				2,628
Capital outlay		16,771	12,737	4,483	33,991
Debt service	15,342	127		2,010	17,479
Total expenditures	<u>223,527</u>	<u>16,898</u>	<u>12,737</u>	<u>26,965</u>	<u>280,127</u>
Excess (deficiency) of revenues over expenditures	<u>5,540</u>	<u>(14,641)</u>	<u>(9,674)</u>	<u>(2,647)</u>	<u>(21,422)</u>
Other financing sources (uses):					
Issuance of bonds and notes		9,345	6,285	3,105	18,735
Premium on bond issuance	1,802				1,802
Refunding bond issuance	13,130				13,130
Premium on refunding bonds	1,939				1,939
Payment to refunded bond escrow agent	(14,948)				(14,948)
Capital lease financing					
Transfers in		455		456	911
Transfers out	(891)				(891)
Total other financing sources (uses)	<u>1,032</u>	<u>9,800</u>	<u>6,285</u>	<u>3,561</u>	<u>20,678</u>
Net Change in Fund Balances	6,572	(4,841)	(3,389)	914	(744)
Fund balances at Beginning of Year	<u>36,757</u>	<u>(5,170)</u>	<u>(10,630)</u>	<u>11,009</u>	<u>31,966</u>
Fund Balances at End of Year	<u>\$ 43,329</u>	<u>\$ (10,011)</u>	<u>\$ (14,019)</u>	<u>\$ 11,923</u>	<u>\$ 31,222</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, 2018

(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (744)
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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	26,235
Depreciation expense	(6,716)
Loss on disposal of asset	(98)

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	(99)
Property tax receivable - accrual basis change	(694)
Property tax interest and lien revenue - accrual basis change	1,216
Sewer assessment receivable and interest - accrual basis change	(27)
Sewer assessment interest receivable - accrual change	3
Deferred outflows related to pension	(19,334)
Deferred outflows related to OPEB	105

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	11,604
Premium on bonds issued	(3,741)
Payments to bond refunding agent	14,948
Issuance of bonds and notes	(18,735)
Refunding bonds issued	(13,130)

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	344
Accrued interest	(89)
Amortization of bond premium	711
Total/Net OPEB liability	5,798
Net pension liability	7,481
Deferred inflows related to pension	(2,507)
Deferred inflows related to OPEB	(15,952)
Deferred charges on refunding	146

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

(1,464)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(14,739)</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, 2018
(In Thousands)

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service
Assets:		
Current:		
Cash and cash equivalents	\$ 518	\$ 20,289
Due from other funds	24	278
Total current assets	<u>542</u>	<u>20,567</u>
Noncurrent assets:		
Capital assets:		
Not being depreciated	1,654	
Being depreciated, net	1,697	
Total noncurrent assets	<u>3,351</u>	<u>-</u>
Total assets	<u>3,893</u>	<u>20,567</u>
Liabilities:		
Current:		
Accounts payable and accrued liabilities	25	538
Due to other funds	2	
Total current liabilities	<u>27</u>	<u>538</u>
Noncurrent:		
Risk management claims		6,754
Total liabilities	<u>27</u>	<u>7,292</u>
Net Position:		
Invested in capital assets	3,351	
Unrestricted	<u>515</u>	<u>13,275</u>
Total Net Position	<u>\$ 3,866</u>	<u>\$ 13,275</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, 2018
(In Thousands)

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service
Operating revenues:		
Employer contributions	\$	\$ 32,779
Charges for services	349	6,861
Other		666
Total operating revenues	<u>349</u>	<u>40,306</u>
Operating expenses:		
Salaries	123	
Operations and supplies	100	
Insurance	53	
Depreciation	49	
Insurance premiums and claims expense		41,785
Total operating expenses	<u>325</u>	<u>41,785</u>
Operating income (loss)	24	(1,479)
Nonoperating revenue:		
Interest income	<u>3</u>	
Income (loss) before capital contributions and transfers	<u>27</u>	<u>(1,479)</u>
Capital contributions and transfers:		
Transfers in		15
Transfers out	<u>(35)</u>	
Total capital contributions and transfers	<u>(35)</u>	<u>15</u>
Change in Net Position	(8)	(1,464)
Total Net Position at Beginning of Year	<u>3,874</u>	<u>14,739</u>
Total Net Position at End of Year	<u>\$ 3,866</u>	<u>\$ 13,275</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, 2018
(In Thousands)

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service
Cash flows from operating activities:		
Cash received from contributions and charges for services	\$ 325	\$ 40,262
Cash paid to employees	(123)	
Cash paid to vendors	(123)	
Cash payments for claims paid		(40,790)
Net cash provided by (used in) operating activities	<u>79</u>	<u>(528)</u>
Cash flows to/from noncapital financing activities:		
Transfers to/from other funds	<u>(35)</u>	<u>15</u>
Cash flows from investing activities:		
Interest and dividends received	<u>3</u>	
Net increase (decrease) in cash and cash equivalents	47	(513)
Cash and Cash Equivalents at Beginning of Year	<u>471</u>	<u>20,802</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 518</u></u>	<u><u>\$ 20,289</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 24	\$ (1,479)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	49	
(Increase) decrease in accounts receivable	24	70
(Increase) decrease in due from other funds	(24)	(114)
Increase (decrease) in accounts payable and accrued liabilities	5	995
Increase (decrease) in due to other funds	<u>1</u>	
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 79</u></u>	<u><u>\$ (528)</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, 2018
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ <u>8,634</u>	\$ <u>1,406</u>
Investments:		
Certificate of deposits		70
Corporate bonds	13,157	
U.S. government securities	2,621	
U.S. government agencies	8,671	
Marketable equity securities	112,724	
Alternative investments	163,071	
Mutual funds	48,072	
Total investments	<u>348,316</u>	<u>70</u>
Total assets	<u>356,953</u>	\$ <u><u>1,476</u></u>
Liabilities:		
Accounts and other payables	107	\$
Due to employees and students	<u> </u>	<u>1,476</u>
Total liabilities	<u>107</u>	\$ <u><u>1,476</u></u>
Net Position:		
Restricted for Pension and OPEB Benefits	\$ <u><u>356,846</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, 2018**

(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Plan members	\$ 2,788
Employer-current year	13,952
Employer-additional	1
Total contributions	<u>16,741</u>
Miscellaneous	<u>167</u>
Investment income:	
Net change in fair value of investments	18,716
Interest and dividends	<u>17,897</u>
Total investment income	36,613
Less investment expense	<u>3,484</u>
Net investment income	<u>33,129</u>
Total additions	<u>50,037</u>
Deductions:	
Benefit payments and withdrawals	32,685
Administration	<u>56</u>
Total deductions	<u>32,741</u>
Change in Net Position	17,296
Net Position at Beginning of Year	<u>339,550</u>
Net Position at End of Year	<u><u>\$ 356,846</u></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, 2018**

(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. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. 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, other post-employment benefit obligations, pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 pension and other employee benefit trust funds use the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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

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

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

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

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

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

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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

Real estate, motor vehicle and personal property accounts are no longer collectible 15 years after the due date in accordance with State Statutes. A total of \$1.284 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 using the consumption method 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 and OPEB 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 and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB 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 and OPEB plans (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 and OPEB 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 and OPEB 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 and OPEB plans (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 property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

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

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts 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. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

M. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

N. 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

O. 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 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 \$140 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.
- The City reports on-behalf contributions made by the State of Connecticut to the Connecticut State Teachers' Retirement System and OPEB 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2018:

	<u>Amount</u>
Major:	
Capital Nonrecurring Fund	\$ 10,011
School Facilities Fund	14,019
Nonmajor:	
Sanitary Sewer Fund	3,744
Internal Service Funds:	
Workers' Compensation Fund	510

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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*, \$27,718 of the City's bank balance of \$35,022 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,533
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>3,185</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 27,718</u>

Cash Equivalents

At June 30, 2018, the City's cash equivalents amounted to \$71,874. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Investments

As of June 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
U.S. Government Agencies	\$ 8,671	\$	\$ 2,741	\$ 5,930
U.S. Government Securities	2,621	649	538	1,434
Corporate bonds	13,157		10,923	2,234
Certificates of deposit *	<u>3,131</u>		<u>3,131</u>	
Total	27,580	\$ <u>649</u>	\$ <u>17,333</u>	\$ <u>9,598</u>
Other investments:				
Equities	111,748			
Exchange Traded Funds	976			
Alternative investments	163,071			
Mutual funds	<u>48,072</u>			
Total Investments	\$ <u>351,447</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.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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. Presented below is the average rating of investments in debt securities.

Average Rating	Corporate Bonds	U.S. Government Securities	U.S. Government Agencies	Certificate of Deposit
Aaa	\$ 129	\$ 2,621	\$ 102	\$
Aa2	235		474	
A1			1,265	
A2	391			
A3	1,530			
Baa1	1,743			
Baa2	2,280			
Baa3	2,768		322	
Ba1	969			
Ba2	160			
Ba3	727			
B1	772			
B2	609			
Unrated	844		6,508	3,131
	<u>\$ 13,157</u>	<u>\$ 2,621</u>	<u>\$ 8,671</u>	<u>\$ 3,131</u>

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, 2018, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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, 2018:

	June 30, 2018	Fair Value Measurement		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government agencies	\$ 8,671	\$ 8,671		\$
U.S. Government securities	2,621	2,621		
Corporate bonds	13,157	13,157		
Equity securities	111,748	111,748		
Alternative investments	65,519		65,519	
Exchange Traded Funds	976	976		
Mutual funds	48,072	48,072		
Total investments by fair value level	250,764	\$ 185,245	\$ 65,519	\$ -
Investments measured at net asset value (NAV):				
Alternative Investments	97,552			
Certificates of deposit	3,131			
Total Investments	\$ 351,447			

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.

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity Hedge Funds	\$ 4,138		Quarterly	45 days
Equity Hedge Funds	9,377		Quarterly	60 days
Equity Hedge Funds	6,121		Annually	185 days
Equity Hedge Funds	66,652	4,552	Various	Various
Equity Hedge Funds	11,264		N/A	
Total Investments Valued at NAV	\$ 97,552			

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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	\$ 13,057	\$	\$	\$ 13,057
Accounts	156		535	691
Special assessments	24			24
Intergovernmental		771	120	891
Gross receivables	<u>13,237</u>	<u>771</u>	<u>655</u>	<u>14,663</u>
Less allowance for uncollectibles:	<u>(1,284)</u>			<u>(1,284)</u>
Net Total Receivables	\$ <u>11,953</u>	\$ <u>771</u>	\$ <u>655</u>	\$ <u>13,379</u>

The above table does not include interest on sewer assessments of \$98.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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	\$ 45,598	\$ 4,212	\$ (76)	\$	\$ 49,734
Construction in progress	138,250	20,777	(22)	(118,438)	40,567
Total capital assets not being depreciated	<u>183,848</u>	<u>24,989</u>	<u>(98)</u>	<u>(118,438)</u>	<u>90,301</u>
Capital assets being depreciated:					
Buildings and improvements	198,719	83		98,557	297,359
Improvements other than buildings	7,979	49		5,026	13,054
Machinery and equipment	47,005	1,114	(605)	90	47,604
Infrastructure	102,318			14,765	117,083
Total capital assets being depreciated	<u>356,021</u>	<u>1,246</u>	<u>(605)</u>	<u>118,438</u>	<u>475,100</u>
Less accumulated depreciation for:					
Buildings and improvements	(69,448)	(3,974)			(73,422)
Improvements other than buildings	(1,864)	(228)			(2,092)
Machinery and equipment	(31,008)	(1,381)	605		(31,784)
Infrastructure	(48,111)	(1,133)			(49,244)
Total accumulated depreciation	<u>(150,431)</u>	<u>(6,716)</u>	<u>605</u>	<u>-</u>	<u>(156,542)</u>
Total capital assets being depreciated, net	<u>205,590</u>	<u>(5,470)</u>	<u>-</u>	<u>118,438</u>	<u>318,558</u>
Governmental Activities Capital Assets, Net	<u>\$ 389,438</u>	<u>\$ 19,519</u>	<u>\$ (98)</u>	<u>\$ -</u>	<u>\$ 408,859</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,654	\$	\$	\$	\$ 1,654
Capital assets being depreciated:					
Buildings and system	873				873
Improvements other than buildings	1,230				1,230
Machinery and equipment	693				693
Total capital assets being depreciated	<u>2,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,796</u>
Less accumulated depreciation for:					
Buildings and system	(344)	(27)			(371)
Improvements other than buildings	(177)	(7)			(184)
Machinery and equipment	(529)	(15)			(544)
Total accumulated depreciation	<u>(1,050)</u>	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>(1,099)</u>
Total capital assets being depreciated, net	<u>1,746</u>	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>1,697</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,400</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,351</u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 116
Administration	185
Public safety	948
Public service	3,080
Education	1,974
Health and welfare	346
Grants to agencies	<u>67</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>6,716</u></u>
Business-type activities:	
Milford Golf Course	\$ 29
Harbor Management	<u>20</u>
Total Depreciation Expense - Business-Type Activities	\$ <u><u>49</u></u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions. At June 30, 2018, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 247
General Fund	School Facilities	1,424
General Fund	Capital Nonrecurring	7,257
General Fund	Harbor Management	2
Capital Nonrecurring Fund	General Fund	262
Milford Golf Course	General Fund	24
Internal Service	Nonmajor Governmental Funds	232
Internal Service	General Fund	46
Nonmajor Governmental	General Fund	<u>298</u>
Total		\$ <u><u>9,792</u></u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Interfund transfers:

	Transfers In			Total
	Capital Nonrecurring	Nonmajor Governmental	Internal Service	Transfers Out
Transfers out:				
General Fund	\$ 420	\$ 456	\$ 15	\$ 891
Milford Golf Course	35			35
Total	<u>\$ 455</u>	<u>\$ 456</u>	<u>\$ 15</u>	<u>\$ 926</u>

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

7. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2018 amounted to \$136,695 with interest rates ranging from 2.5% to 5.0% on bonds maturing at various dates through the year 2038. Grants receivable to offset future City principal payments totaled \$33 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$79,199 at June 30, 2018. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 129,150	\$ 31,865	\$ 24,320	\$ 136,695	\$ 10,170
Bond premium	7,224	3,741	711	10,254	
Total bonds payable	<u>136,374</u>	<u>35,606</u>	<u>25,031</u>	<u>146,949</u>	<u>10,170</u>
Long-term note payable	28,966		2,232	26,734	2,278
Claims and judgments	5,840	41,787	40,873	6,754	830
Compensated absences	18,410	853	1,197	18,066	1,174
Net pension liability	70,224		7,481	62,743	
Net OPEB liability - City	182,253 *		4,064	178,189	
Total OPEB liability - BOE	<u>203,698 *</u>		<u>1,734</u>	<u>201,964</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 645,765</u>	<u>\$ 78,246</u>	<u>\$ 82,612</u>	<u>\$ 641,399</u>	<u>\$ 14,452</u>

*The beginning Total/Net OPEB liability has been restated. See Note 15 for details.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

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>
2019	\$ 10,170	\$ 4,917	\$ 15,087
2020	10,440	4,507	14,947
2021	10,055	4,084	14,139
2022	9,880	3,639	13,519
2023	9,765	3,196	12,961
2024-2028	43,460	10,676	54,136
2029-2033	31,530	4,086	35,616
2034-2038	11,395	660	12,055
Total	\$ 136,695	\$ 35,765	\$ 172,460

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>
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	2,467	324	2,791
2024-2028	12,547	864	13,411
2029	2,330	23	2,353
Total	\$ 26,734	\$ 2,983	\$ 29,717

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, 2018 is \$11,450 and the escrow balance is \$11,639.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(In Thousands)

General Obligation Bonds Refunding

On December 22, 2017, the City issued \$13,130 (2017, Series B) of general obligation refunding bonds with interest rates ranging from 3.0%-5.0%. The bonds were issued to refund portions of 2010, 2011 and 2013 general obligation bonds. The net proceeds of \$14,948 (after an original issue premium of \$1,939 and payment of \$121 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated December 22, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited into escrow for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the next 16 years by \$550 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$535. As of June 30, 2018, the amount of defeased debt outstanding from this refunding was \$14,415 and the escrow balance is \$14,655. This amount is removed from the governmental activities column of the statement of net position.

Bond Anticipation Notes

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2018.

	<u>Amount</u>
Notes payable, July 1, 2017	\$ 24,875
Notes issued	23,795
Notes retired	<u>(24,875)</u>
Notes Payable, June 30, 2018	<u>\$ 23,795</u>

During the year, the City issued \$23,795 in notes dated November 6, 2017, which matures on November 5, 2018. The note carries an interest rate of 2.25%. These notes serve as temporary financing for various school projects.

Capital Lease

The City has entered into a multi-year capital lease for a micro grid generation system to power certain critical facilities within the City. Although the lease is dated November 2017, the assets aren't expected to arrive in the City until fiscal year 2019. At that time, the related capital lease financing will be recorded in the accompanying financial statements.

Other Obligations

At June 30, 2018, 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 407,070	\$ 95,298	\$ 311,772
Schools	814,140	63,398	750,742
Sewers	678,450	83,932	594,518
Urban renewal	587,990		587,990
Pension deficit	542,760		542,760

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,266,440).

The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued of \$79,199 against which bond anticipation notes are issued and outstanding.

8. RISK MANAGEMENT (AMOUNTS NOT ROUNDED UNLESS NOTED)

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 FY2018, 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

The claims liability reported in the Internal Service Fund at June 30, 2018 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

<i>In thousands</i>		Liability July 1,	Current Year Claims	Claim Payments	Liability June 30,
6/30/2017	\$	208	\$ 1,293	\$ 1,306	\$ 195
6/30/2018		195	1,374	1,382	187

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.

Changes in the claims liability for the years ended June 30, 2018 and 2017 were as follows:

<i>In thousands</i>		Liability July 1,	Current Year Claims	Claim Payments	Liability June 30,
6/30/2017	\$	2575	\$ 1,888	\$ 1,398	\$ 3,065
6/30/2018		3,065	2,412	1,556	3,921

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, 2018, 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, 2018 and 2017 were as follows:

<i>In thousands</i>		Liability July 1,	Current Year Claims	Claim Payments	Liability June 30,
6/30/2017	\$	2503	\$ 37,433	\$ 37,356	\$ 2,580
6/30/2018		2,580	38,001	37,935	2,646

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 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, 2017:

	City of Milford Retirement System
Retirees and beneficiaries receiving benefits	788
Terminated employees entitled to benefits but not yet receiving them	23
Active plan members	697
Total	1,508

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).

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.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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, 2018:

<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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability at June 30, 2018, were as follows:

Total pension liability	\$ 412,569
Plan fiduciary net position	<u>349,826</u>
Net Pension Liability	<u>\$ 62,743</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension	84.79%

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and measurement date of June 30, 2018, 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 valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2011.

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, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(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 July 1, 2017	\$ 403,718	\$ 333,494	\$ 70,224
Changes for the year:			
Service cost	8,023		8,023
Interest on total pension liability	29,952		29,952
Changes in benefit terms			-
Differences between expected and actual experience	(1,654)		(1,654)
Changes in assumptions	(2,253)		(2,253)
Employer contributions		5,984	(5,984)
Member contributions		2,788	(2,788)
Net investment income (loss)		32,666	(32,666)
Benefit payments, including refund to employee contributions	(25,217)	(25,217)	-
Administrative expenses		(56)	56
Other changes		167	(167)
Net changes	8,851	16,332	(7,481)
Balances as of June 30, 2018	\$ 412,569	\$ 349,826	\$ 62,743

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	\$ 109,126	\$ 62,743	\$ 23,814

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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

For the year ended June 30, 2018, the City recognized pension expense of \$20,344. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8	\$ 2,495
Changes of assumptions	5,705	1,802
Net difference between projected and actual earnings on pension plan investments	<u>3,837</u>	<u></u>
Total	<u>\$ 9,550</u>	<u>\$ 4,297</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

2019	\$ 9,507
2020	2,917
2021	(4,704)
2022	(2,467)

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, 2018 were \$437.

C. Connecticut State Teachers' Retirement System

Plan Description

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(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.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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

At June 30, 2018, 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>171,408</u>
Total	<u>\$ 171,408</u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the City recognized pension expense and revenue of \$19,827 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.

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%.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.00%	5.80%
Developed non-U.S. equities	18.00%	6.60%
Emerging markets (non-U.S.)	9.00%	8.30%
Core fixed income	7.00%	1.30%
Inflation linked bond fund	3.00%	1.00%
Emerging market bond	5.00%	3.70%
High yield bonds	5.00%	3.90%
Real estate	7.00%	5.10%
Private equity	11.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity fund	6.00%	0.40%
Total	<u>100.00%</u>	

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.

Other Information

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

10. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

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

Pre-65:	
General City	\$12,517 per year
Fire	\$12,215 per year
Police	\$12,215 per year
Post-65:	
BC 65 Low Option	\$1,582 per year
Plan 82	\$2,632 per year
Medicare Part B:	
Actives	\$1,608 per year
Retirees	\$1,608 per year

Board of Education

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. The Board of Education does not have a trust fund for the OPEB plan. 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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, 2018
(In Thousands)

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

Pre-65 (for current active members who retire):	<u>As of July 1, 2017:</u>
Board of Ed-Café	\$12,493 per year
Board of Ed-Cust	\$12,493 per year
Board of Ed-Sec	\$11,614 per year
Board of Ed-Para	\$12,200 per year
Administrators	\$12,187 per year
Teachers	\$12,200 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 1/1/18:</u>
Plan 82 only	\$1,022 per year
Hi Option with Plan 82 and Major Medical (\$50,000)	\$4,976 per year
Hi Option with Plan 82 and Major Medical (\$250,000)	\$5,106 per year
Hi Option with Plan 82 and No Rx	\$2,376 per year
Plan F with Rx	\$7,679 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	\$591 per year

B. Membership

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan	Total
Number of retirees and eligible surviving spouses	567	561	1,128
Number of active participants	999	507	1,506
Total participants	1,566	1,068	2,634

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

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, 2018:

Asset Class	Target Allocation
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%
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City - City Plan

The City's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

	City of Milford Retiree Medical Benefit Plan
Total OPEB liability	\$ 185,209
Plan fiduciary net position	<u>7,020</u>
Net OPEB Liability	<u>\$ 178,189</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.79%

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Total OPEB Liability of the City - BOE Plan

The City's total OPEB liability of \$201,965 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions - City

The total OPEB liability at June 30, 2018 was determined by an actuarial valuation as of July 1, 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	4.10%
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 July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2011.

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.

Actuarial Assumptions and Other Inputs - BOE

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

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Discount rate	3.87%
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
Retirees' share of benefit-related costs	Varies based on union and hire date - ranges from 50% to 100%

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

The discount rate was based on the 20-year AA municipal bond index fund.

Mortality rates were based on RP-2014 to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

A full actuarial experience study has not been completed.

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.

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, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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 - City

The discount rate used to measure the total OPEB liability was 4.10%, up from 3.74% 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Change in the Net OPEB Liability - City Plan

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 188,309	\$ 6,056	\$ 182,253
Changes for the year:			
Service cost	6,568		6,568
Interest on total OPEB liability	7,150		7,150
Changes in benefit terms			-
Differences between expected and actual experience	(596)		(596)
Changes in assumptions	(8,754)		(8,754)
Employer contributions		7,968	(7,968)
Member contributions			-
Net investment income (loss)		463	(463)
Benefit payments, including refund to employee contributions	(7,468)	(7,468)	-
Administrative expenses			-
Other changes		1	(1)
Net changes	<u>(3,100)</u>	<u>964</u>	<u>(4,064)</u>
Balances as of June 30, 2018	<u>\$ 185,209</u>	<u>\$ 7,020</u>	<u>\$ 178,189</u>

Change in the Total OPEB Liability - BOE Plan

	Total OPEB Liability (a)
Balances as of July 1, 2017	\$ 203,698
Changes for the year:	
Service cost	5,946
Interest on total OPEB liability	7,395
Differences between expected and actual experience	120
Changes in assumptions	(8,972)
employee contributions	(6,223)
Net changes	<u>(1,734)</u>
Balances as of June 30, 2018	<u>\$ 201,964</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

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 (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
City Net OPEB Liability	\$ <u>204,262</u>	\$ <u>178,189</u>	\$ <u>156,984</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Board of Education, as well as what the Board of Education's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
BOE Total OPEB Liability	\$ <u>235,578</u>	\$ <u>201,964</u>	\$ <u>175,080</u>

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:

	1% Decrease (6.75% decreasing to 3.75%)	Healthcare Cost Trend Rates (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
City Net OPEB Liability	\$ <u>152,171</u>	\$ <u>178,189</u>	\$ <u>211,160</u>

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

The following presents the total OPEB liability of the Board of Education, as well as what the Board of Education's total 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:

	1% Decrease (6.75% decreasing to 3.75%)	Healthcare Cost Trend Rates (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
BOE OPEB Liability	\$ <u>172,170</u>	\$ <u>201,964</u>	\$ <u>239,985</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$23,633, of which \$11,952 was reported for the City plan and \$11,681 was reported for the BOE plan. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>BOE</u>		<u>City</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 105	\$	\$	501	\$ 105	\$ 501
Changes of assumptions		7,904		7,365		15,269
Net difference between projected and actual earnings on pension plan investments				182		182
Total	<u>\$ 105</u>	<u>\$ 7,904</u>	<u>\$ -</u>	<u>\$ 8,048</u>	<u>\$ 105</u>	<u>\$ 15,952</u>

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

<u>Year Ending June 30</u>	<u>BOE</u>	<u>City</u>	<u>Total</u>
2019	\$ (1,054)	\$ (1,530)	\$ (2,584)
2020	(1,054)	(1,530)	(2,584)
2021	(1,054)	(1,530)	(2,584)
2022	(1,054)	(1,529)	(2,583)
2023	(1,054)	(1,484)	(2,538)
Thereafter	(2,529)	(445)	(2,974)

11. OTHER POSTEMPLOYMENT BENEFITS - CONNECTICUT STATE TEACHERS RETIREMENT PLAN

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

B. Benefit Provisions (amounts not rounded)

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage (amounts not rounded)

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions (amounts not rounded)

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the City		<u>44,119</u>
Total	\$	<u><u>44,119</u></u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of \$2,045 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. 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:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

I. 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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

12. PENSION AND OPEB TRUST FUNDS COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	Pension Trust Funds	City OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ <u>8,585</u>	\$ <u>49</u>	\$ <u>8,634</u>
Investments:			
Corporate bonds	13,157		13,157
U.S. government securities	2,621		2,621
U.S. government agencies	8,671		8,671
Marketable equity securities	111,748	976	112,724
Alternative investments	163,071		163,071
Exchange traded funds			
Mutual funds	<u>42,077</u>	<u>5,995</u>	<u>48,072</u>
Total investments	<u>341,345</u>	<u>6,971</u>	<u>348,316</u>
Receivables	<u>3</u>		<u>3</u>
Total assets	<u>349,933</u>	<u>7,020</u>	<u>356,953</u>
Liabilities:			
Accounts and other payables	<u>107</u>		<u>107</u>
Net Position:			
Restricted for Retirement Benefits	\$ <u>349,826</u>	\$ <u>7,020</u>	\$ <u>356,846</u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(In Thousands)

Combining Schedules of Changes in Net Position - Trust Funds

	Pension Trust Funds	City OPEB Trust Fund	Total
Additions:			
Contributions:			
Plan members	\$ 2,788	\$	\$ 2,788
Employer-current year	5,984	7,968	13,952
Employer-additional		1	1
Total contributions	<u>8,772</u>	<u>7,969</u>	<u>16,741</u>
Miscellaneous	<u>167</u>		<u>167</u>
Investment income:			
Net change in fair value of investments	18,430	286	18,716
Interest and dividends	<u>17,700</u>	<u>197</u>	<u>17,897</u>
Total investment income	36,130	483	36,613
Less investment expense	<u>3,464</u>	<u>20</u>	<u>3,484</u>
Net investment income	<u>32,666</u>	<u>463</u>	<u>33,129</u>
Total additions	<u>41,605</u>	<u>8,432</u>	<u>50,037</u>
Deductions:			
Benefit payments and withdrawals	25,217	7,468	32,685
Administration	<u>56</u>		<u>56</u>
Total deductions	<u>25,273</u>	<u>7,468</u>	<u>32,741</u>
Net Change	16,332	964	17,296
Net Position at Beginning of Year	<u>333,494</u>	<u>6,056</u>	<u>339,550</u>
Net Position at End of Year	<u>\$ 349,826</u>	<u>\$ 7,020</u>	<u>\$ 356,846</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

(In Thousands)

13. FUND BALANCE

Significant encumbrances at June 30, 2018 are contained in the table below in both the assigned and committed categories of the General Fund.

	General Fund	Capital Nonrecurring Fund	School Facilities Fund	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 38	\$ 38
Prepays	21				21
Restricted for:					
Grants				727	727
School Renovations				214	214
Committed to:					
Compensated absences	1,368				1,368
Sewer operations				4,476	4,476
General government				5,107	5,107
Education				1,649	1,649
Debt service				3,418	3,418
Community development				38	38
Assigned to:					
Subsequent year's budget	5,300				5,300
Debt service	1,757				1,757
Encumbrances:					
General government	262				262
Public safety	278				278
Public services	331				331
Health and welfare	27				27
Education	3,745				3,745
Unassigned	<u>30,240</u>	<u>(10,011)</u>	<u>(14,019)</u>	<u>(3,744)</u>	<u>2,466</u>
Total Fund Balances	\$ <u>43,329</u>	\$ <u>(10,011)</u>	\$ <u>(14,019)</u>	\$ <u>11,923</u>	\$ <u>31,222</u>

Major encumbrances are reported in the assigned fund balance of the General Fund of \$4,643.

14. 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, 2018**

(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.

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$ 67,669
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	155,974
Record starting total/net OPEB liability per GASB No. 75	<u>(385,951)</u>
Net Position at July 1, 2017, as Restated	\$ <u><u>(162,308)</u></u>

16. SUBSEQUENT EVENTS

On October 24, 2018, the City issued \$21,045 of general obligation bonds with interest rates varying from 3.00% to 5.00% and maturity date November 1, 2038. In addition, the City issued \$23,280 of bond anticipation notes dated November 5, 2018 maturing November 4, 2019. The bond anticipation notes carry an interest rate of 3.00%.



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, 2018

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General Property Taxes and Assessments:				
Current taxes	\$ 176,780	\$ 176,780	\$ 178,328	\$ 1,548
Personal property audit	30	30	2	(28)
Prior year's levies	1,100	1,100	2,937	1,837
Flood and erosion assessments			4	4
Suspense collections	5	5	13	8
Total general property taxes and assessments	<u>177,915</u>	<u>177,915</u>	<u>181,284</u>	<u>3,369</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,050</u>	<u>1,050</u>	<u>1,732</u>	<u>682</u>
Federal, State and Local Governments:				
Education cost sharing	8,349	8,349	9,266	917
State realty in lieu of tax	182	182	178	(4)
Pequot State Aid	377	377	377	-
Miscellaneous State Revenue			1,040	1,040
Elderly tax credit	395	395		(395)
Total disability exemptions			6	6
PILOT - private exemptions	377	377	168	(209)
Veteran grants	151	151	136	(15)
School debt - interest	3	3	3	-
School debt - principal	82	82	116	34
Telephone access grant	95	95	95	-
Property tax relief	1,106	1,106		(1,106)
Shellfish Taxes	2	2	2	-
State aid for health	50	50	52	2
OTB Wagering Share	70	70	94	24
Additional Special Education			137	137
Total federal, state and local government	<u>11,239</u>	<u>11,239</u>	<u>11,670</u>	<u>431</u>
Investment Income:				
Investments in idle funds	90	90	735	645
Rental of other property	45	45	53	8
Total investment income	<u>135</u>	<u>135</u>	<u>788</u>	<u>653</u>
Other Revenue:				
Rental of school property	12	12	16	4
Tuition from others			19	19
PILOT - Water Authority	458	458	464	6
Power Plant Settlement	4,700	4,700	4,700	-
Genconn PT	2,025	2,025	2,025	-
Miscellaneous other revenues	10	10	518	508
Inland wetland fees	5	5	7	2
Total other revenue	<u>7,210</u>	<u>7,210</u>	<u>7,749</u>	<u>539</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, 2018
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Other Charges:				
Devices and amusements	\$ 20	\$ 20	\$ 20	\$ -
Vending permits	15	15	16	1
Disposal area licenses	45	45	58	13
Recording documents	360	360	369	9
Conveyance tax	800	800	1,078	278
General copying fees	75	75	71	(4)
Fire Department fees	1	1	27	26
Paramedic fees	650	650	848	198
Building inspection fees	675	675	1,037	362
Fingerprinting	10	10	8	(2)
Police fines and forfeits	20	20	40	20
False alarm fees	20	20	23	3
Street opening permits	20	20	35	15
Engineering fees	10	10	9	(1)
Residential waste fees	140	140	272	132
Health inspection fees	74	74	91	17
Planning and zoning fees	35	35	41	6
Zoning appeals fees	8	8	13	5
Recreation fees	58	58	48	(10)
Walnut Beach parking	40	40	66	26
Parking fines judicial	7	7	13	6
Vehicle violations judicial	20	20	19	(1)
Mobile fee	3	3	5	2
Sewer assessments	16	16	20	4
Animal shelter redemption	5	5	3	(2)
Dog Fund - City share	9	9	11	2

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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, 2018
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Other Charges (continued):				
Sale of Other Property			76	76
Recycling revenues	100	100	124	24
PILOT - Federal payments	1	1	1	-
Sticker fees			1	1
Bingo permits share	1	1	1	-
Total licenses, permits and other charges	<u>3,238</u>	<u>3,238</u>	<u>4,444</u>	<u>1,206</u>
Total revenues	200,787	200,787	207,667	6,880
Other financing sources:				
Use of fund balance	<u>5,000</u>	<u>5,140</u>		<u>(5,140)</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>205,787</u>	\$ <u>205,927</u>	207,667	\$ <u>1,740</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted:				
Pension			19,827	
OPEB			2,045	
Premium on refunding bonds			1,939	
Proceeds from issuance of refunding bonds			13,130	
Premium on bonds issued			1,802	
Nonbudgetary items and eliminations related to the Compensated Absences Fund			18	
Encumbrances for purchases and commitments that were subsequently cancelled in the next fiscal year			<u>(490)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>245,938</u>	

CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(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	108	108	72	36
Registrar of Voters	165	169	162	7
Milford Govt Access Television	19	19	19	-
Mayor's Office	287	287	286	1
General expenses	400	383	329	54
Community Development Department	121	121	121	-
City Clerk	393	393	385	8
Law Department	641	574	573	1
Ethics Commission	1	1		1
Probate Court	16	16	16	-
Board of Finance	1	1	1	-
Planning and Zoning Board	1,061	1,047	932	115
Board of Tax Review	4	4	1	3
Board of Zoning Appeals	9	9	7	2
Pension Board	3	3	3	-
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	62	64	64	-
Public library	1,156	1,156	1,084	72
Total general government	<u>4,464</u>	<u>4,372</u>	<u>4,067</u>	<u>305</u>
Administration:				
Finance Department	1,867	1,812	1,727	85
Data Processing Department	848	848	785	63
Personnel Department	228	228	227	1
Total administration	<u>2,943</u>	<u>2,888</u>	<u>2,739</u>	<u>149</u>
Public Safety:				
Police Department	12,208	12,358	12,136	222
Fire Department	11,579	11,817	11,770	47
Civil Preparedness	99	99	98	1
Animal Control	332	326	304	22
Lighting hydrant water	1,926	2,089	2,083	6
Total public safety	<u>26,144</u>	<u>26,689</u>	<u>26,391</u>	<u>298</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, 2018

(In Thousands)

	Budgeted Amounts		Expenditures and	Uncommitted
	Original	Amended	Encumbrances	Balance
Public Services:				
Public Works Office	\$ 383	\$ 284	\$ 279	\$ 5
Highway-parks division	2,712	2,492	2,485	7
Building maintenance division	3,086	2,935	2,841	94
Engineering division	401	379	343	36
General garage division	1,332	1,476	1,415	61
Solid waste operations	4,235	4,434	4,426	8
Total public services	12,149	12,000	11,789	211
Board of Education:				
Private School textbooks	20	20	19	1
Educational audit fees	22	22	22	-
Employee benefits	1,242	1,242	1,022	220
Educational operations	91,954	91,954	91,954	-
Educational Contribution Health Insurance Fund	18,750	18,750	18,750	-
Educational School Nurses	1,329	1,329	1,253	76
Total board of education	113,317	113,317	113,020	297
Health and Welfare:				
Health Department	914	912	808	104
Recreation Department	840	840	767	73
Total health and welfare	1,754	1,752	1,575	177
General Charges:				
Employee benefits - general	23,038	23,038	22,536	502
Insurance and bonds	2,268	2,253	2,253	-
Claims and refunds	640	630	366	264
Benefits and salary reserve	578	72	72	-
Unallocated contingency	20	-	-	-
Total general charges	26,544	25,993	25,227	766
Grants to Agencies:				
Milford Council on Aging	1,371	1,362	1,358	4
Milford Fine Arts Council	67	67	67	-
CMED	74	74	58	16
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	230	230	230	-
Milford Transit District	345	345	345	-
Milford Mental Health	375	375	375	-
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, 2018

(In Thousands)

	Budgeted Amounts		Expenditures and Encumbrances	Uncommitted Balance
	Original	Amended		
Grants to Agencies (continued):				
Milford Historical District Commission	\$ 1	\$ 1	\$ 1	\$ -
Milford Progress Inc	8	8	8	-
Milford Historic #2	1	1	1	-
Visiting Nurses Association	12	12	1	11
Cemetery Association	9	9	9	-
Boys and Girls Club	85	85	85	-
Homeless Shelter/CPAC	70	70	70	-
Literacy Volunteers	5	5	5	-
Milford Preservation Commission	1	2	1	1
Total grants to agencies	<u>2,670</u>	<u>2,662</u>	<u>2,630</u>	<u>32</u>
Debt Service:				
Public Debt Service	10,523	10,523	10,385	138
School Debt	4,844	4,840	4,836	4
Total debt service	<u>15,367</u>	<u>15,363</u>	<u>15,221</u>	<u>142</u>
Other Financing Uses:				
Transfers out	<u>435</u>	<u>891</u>	<u>891</u>	<u>-</u>
Total	<u>\$ 205,787</u>	<u>\$ 205,927</u>	203,550	<u>\$ 2,377</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers'

Retirement System for City teachers are not budgeted:

Pension	19,827
OPEB	2,045
Payment to refunded bond escrow agent	14,948
Refunding bond issuance costs	121
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	(4,643)
Prior year encumbrances reported in the current year for financial reporting purposes	3,541
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	(56)
Nonbudgetary items and eliminations related to the Compensated Absences Fund	<u>33</u>

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

\$ 239,366

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 7,087	\$ 7,299	\$ 7,809	\$ 7,979	\$ 8,023
Interest	27,046	27,998	28,604	29,924	29,952
Changes of benefits terms		(1,759)			
Differences between expected and actual experience		(908)	(2,281)	14	(1,654)
Changes of assumptions		9,513	7,100	248	(2,253)
Benefit payments, including refunds of member contributions	<u>(21,862)</u>	<u>(23,057)</u>	<u>(24,025)</u>	<u>(24,717)</u>	<u>(25,217)</u>
Net change in total pension liability	12,271	19,086	17,207	13,448	8,851
Total pension liability - beginning	<u>341,706</u>	<u>353,977</u>	<u>373,063</u>	<u>390,270</u>	<u>403,718</u>
Total pension liability - ending	<u>353,977</u>	<u>373,063</u>	<u>390,270</u>	<u>403,718</u>	<u>412,569</u>
Plan fiduciary net position:					
Contributions - employer	2,225	3,925	4,525	5,203	5,984
Contributions - member	2,169	2,332	2,672	2,736	2,788
Net investment income (loss)	44,193	(2,192)	(3,210)	35,184	32,666
Benefit payments, including refunds of member contributions	<u>(21,862)</u>	<u>(23,057)</u>	<u>(24,025)</u>	<u>(24,717)</u>	<u>(25,217)</u>
Administrative expense	(48)	(76)	(143)	(47)	(56)
Other	<u>11</u>	<u>20</u>	<u>47</u>	<u>23</u>	<u>167</u>
Net change in plan fiduciary net position	26,688	(19,048)	(20,134)	18,382	16,332
Plan fiduciary net position - beginning	<u>327,606</u>	<u>354,294</u>	<u>335,246</u>	<u>315,112</u>	<u>333,494</u>
Plan fiduciary net position - ending	<u>354,294</u>	<u>335,246</u>	<u>315,112</u>	<u>333,494</u>	<u>349,826</u>
Net Pension Liability (Asset) - Ending	\$ <u>(317)</u>	\$ <u>37,817</u>	\$ <u>75,158</u>	\$ <u>70,224</u>	\$ <u>62,743</u>
Plan fiduciary net position as a percentage of the total pension asset	100.09%	89.86%	80.74%	82.61%	84.79%
Covered payroll	\$ 42,773	\$ 43,811	\$ 43,811	\$ 45,923	\$ 47,748
Net pension (asset) liability as a percentage of covered payroll	(0.74)%	86.32%	171.55%	152.92%	131.40%

*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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$	\$	\$	\$ 342	\$ 324	\$ 2,225	\$ 5,871	\$ 6,348	\$ 7,351	\$ 9,519
Contributions in relation to the actuarially determined contribution				342	324	2,225	3,925	4,525	5,203	5,984
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,946	\$ 1,823	\$ 2,148	\$ 3,535
Covered payroll	\$ 40,141	\$ 40,550	\$ 40,622	\$ 41,597	\$ 43,010	\$ 42,773	\$ 43,811	\$ 44,587	\$ 45,923	\$ 47,748
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.82%	0.75%	5.20%	8.96%	10.15%	11.33%	12.53%

Notes to Schedule

Valuation date: July, 1 2017
Measurement date: June 30, 2018

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	Non-Disabled - Based on RP-2014 adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2017 Disabled - Based on RP-2014 adjusted to 2006 Disabled Mortality Table, projected to the valuation date with Scale MP-2017

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	13.78%	-0.62%	-0.99%	11.37%	10.00%

*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 FOUR FISCAL YEARS*
(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability	0.00%	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	<u>131,584</u>	<u>142,361</u>	<u>180,837</u>	<u>171,408</u>
Total	<u>\$ 131,584</u>	<u>\$ 142,361</u>	<u>\$ 180,837</u>	<u>\$ 171,408</u>
City's covered payroll	\$ 49,466	\$ 49,287	\$ 49,376	\$ 49,316
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%

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
CITY OPEB PLAN
LAST TWO FISCAL YEARS*

(In Thousands)

	<u>2017</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 5,653	\$ 6,568
Interest	7,351	7,150
Differences between expected and actual experience	(1,017)	(596)
Changes of assumptions	11,890	(8,754)
Benefit payments	(6,664)	(7,468)
Net change in total OPEB liability	<u>17,213</u>	<u>(3,100)</u>
Total OPEB liability - beginning	<u>171,096</u>	<u>188,309</u>
Total OPEB liability - ending	<u>188,309</u>	<u>185,209</u>
Plan fiduciary net position:		
Contributions - employer	7,164	7,968
Contributions - member		
Net investment income (loss)	564	463
Benefit payments	(6,664)	(7,468)
Administrative expense		
Other		1
Net change in plan fiduciary net position	<u>1,064</u>	<u>964</u>
Plan fiduciary net position - beginning	<u>4,992</u>	<u>6,056</u>
Plan fiduciary net position - ending	<u>6,056</u>	<u>7,020</u>
Net OPEB Liability - Ending	<u>\$ 182,253</u>	<u>\$ 178,189</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.22%	3.79%
Covered payroll	\$ 38,282	\$ 39,335
Net OPEB liability as a percentage of covered payroll	476.08%	453.00%

*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
CITY OPEB PLAN
LAST TEN FISCAL YEARS**

(In Thousands)

	<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>	<u>2018</u>
Actuarially determined contribution (1)	\$ 13,055	\$ 14,070	\$ 14,774	\$ 14,081	\$ 14,785	\$ 12,248	\$ 12,455	\$ 12,103	\$ 12,321	\$ 15,745
Contributions in relation to the actuarially determined contribution	<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>	<u>7,968</u>
Contribution Deficiency	<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>	<u>\$ 7,777</u>
Covered payroll	\$ 33,663	\$ 32,996	\$ 33,986	\$ 34,856	\$ 35,901	\$ 35,442	\$ 36,506	\$ 37,258	\$ 38,282	\$ 39,335
Contributions as a percentage of covered payroll	25.24%	27.56%	28.53%	17.12%	23.29%	16.48%	16.32%	13.47%	13.47%	19.77%

(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
Measurement date: June 30, 2018

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	4.10%: Prior: 3.74%
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
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
CITY OPEB PLAN
LAST TWO FISCAL YEARS***

	2017	2018
Annual money-weighted rate of return, net of investment expense	10.44%	7.16%

*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 TOTAL OPEB LIABILITY AND RELATED RATIOS
BOE OPEB PLAN
LAST TWO FISCAL YEARS*

(In Thousands)

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 5,946
Interest	7,395
Differences between expected and actual experience	120
Changes of assumptions	(8,972)
Benefit payments	<u>(6,223)</u>
Net change in total OPEB liability	(1,734)
Total OPEB liability - beginning	<u>203,698</u>
 Total OPEB Liability - Ending	 \$ <u><u>201,964</u></u>
 Covered payroll	 \$ 65,131
 Net OPEB liability as a percentage of covered payroll	 310.09%

*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 OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR***

(In Thousands)

	2018
City's proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	44,119
Total	\$ 44,119
City's covered payroll	\$ 49,316
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

*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, 2018 AND 2017
(In Thousands)**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 44,415	\$ 47,829
Investments	3,061	3,118
Property taxes receivable, net of allowance for doubtful accounts of \$630 and \$633 in 2018 and 2017, respectively	5,891	7,280
Property taxes interest receivable, net of allowance for doubtful accounts of \$654 and \$405 in 2018 and 2017, respectively	5,882	4,666
Assessments receivable	24	25
Accounts receivable	156	273
Due from other governments	2	2
Due from other funds	8,930	827
Prepaid item	<u>21</u>	<u>21</u>
Total Assets	\$ <u>68,380</u>	\$ <u>64,041</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 11,587	\$ 11,287
Due to other funds	630	1,602
Due to other governments	808	931
Unearned revenue	<u>113</u>	<u>86</u>
Total liabilities	<u>13,138</u>	<u>13,906</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	5,513	6,207
Unavailable revenue - property taxes interest	5,882	4,666
Unavailable revenue - special assessments	24	25
Unavailable revenue - school building construction receivable	99	99
Advance property tax collections	<u>494</u>	<u>2,381</u>
Total deferred inflows of resources	<u>11,913</u>	<u>13,378</u>
Fund balances:		
Nonspendable	21	21
Committed	1,368	1,383
Assigned for encumbrances	4,643	4,031
Assigned for debt service	1,757	717
Assigned for subsequent year's budget	5,300	5,000
Unassigned	<u>30,240</u>	<u>25,605</u>
Total fund balances	<u>43,329</u>	<u>36,757</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>68,380</u>	\$ <u>64,041</u>

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2018**
(In Thousands)

Grand List	Uncollected Taxes July 1, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2018
			Additions	Deductions			Tax	Interest Liens	Total	
2016	\$	\$ 182,139 *	\$ 183	\$ (1,273)	\$ (62)	\$ 180,987	\$ 178,854	\$ 545	\$ 179,399	\$ 2,133
2015	2,898		15	(103)	(7)	2,803	1,834	351	2,185	969
2014	1,081		1	(18)	(12)	1,052	410	167	577	642
2013	793		1	(4)	(24)	766	228	138	366	538
2012	675			(3)	(30)	642	197	149	346	445
2011	522			(1)	(27)	494	154	146	300	340
2010	347				(14)	333	90	45	135	243
2009	253				(19)	234	21	36	57	213
2008	242				(22)	220	25	40	65	195
2007	211				(29)	182	10	13	23	172
2006	201				(31)	170	6	18	24	164
2005	173				(26)	147	8	16	24	139
2004	155				(23)	132	8	17	25	124
2003	141				(24)	117	7	13	20	110
2002	114				(15)	99	5	19	24	94
Total	\$ 7,806	\$ 182,139	\$ 200	\$ (1,402)	\$ (365)	\$ 188,378	181,857	1,713	183,570	\$ 6,521
Suspense collections							13	19	32	
Total collections							181,870	\$ 1,732	\$ 183,602	
Property taxes receivable considered available:										
June 30, 2017							(1,073)			
June 30, 2018							378			
Total Property Tax Revenue							\$ 181,175			

*Includes motor vehicle supplement in the amount of \$1,802

**CITY OF MILFORD, CONNECTICUT
BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

(In Thousands)

	<u>Final Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Certified administrative salaries	\$ 4,786	\$ 4,786	\$ -
Certified teachers salaries	44,530	44,530	-
Homebound tutor	137	137	-
Administrative substitute	14	14	-
Summer school	333	333	-
Substitutes - certified salaries	714	714	-
Curriculum work	123	123	-
Coaches/advisors	722	722	-
Non-certified supervisor salaries	654	654	-
Non-certified staff salaries	2,179	2,179	-
Custodian/maintenance	3,897	3,897	-
Teacher aides hourly	351	351	-
Library aides	472	472	-
Paraprofessionals	3,196	3,196	-
General aide salaries	163	163	-
Overtime salaries	446	446	-
Non-certified clerical	161	161	-
Non-certified professional	1,297	1,297	-
Retirements	496	496	-
Life insurance	586	586	-
Worker's compensation insurance	884	884	-
Social security	825	825	-
Unemployment compensation	89	89	-
Blue Cross/Blue Shield	3,457	3,457	-
Para pension	149	149	-
Education reimbursement	58	58	-
Adult education services	60	60	-
Substitute teaching services	213	213	-
Marine science education	18	18	-
Mental health services	32	32	-
Professional evaluation	55	55	-
Psychotherapy services	34	34	-
Other pupil personnel services	171	171	-
Special education work study	19	19	-
Consultation services	92	92	-
Audit services	3	3	-
Negotiation services	188	188	-
Arch/Eng services	15	15	-

(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, 2018**

(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	\$ 337	\$ 337	\$ -
Contracted services	717	717	-
Management information systems	119	119	-
Electricity	996	996	-
Heat energy - gas	674	674	-
Water/sewage	106	106	-
Energy conservation services	50	50	-
Contracted maintenance	548	548	-
Repairs to grounds	151	151	-
Repairs to buildings	116	116	-
Repairs to equipment	245	245	-
Preventative maintenance	109	109	-
Building projects	892	892	-
Grounds projects	736	736	-
Gasoline maintenance	35	35	-
Maintenance supplies	307	307	-
Custodial supplies	174	174	-
Transportation regular	1,947	1,947	-
Transportation special education	1,045	1,045	-
Transportation special education - public	188	188	-
Transportation special education - private	531	531	-
Transportation - athletics	209	209	-
Transportation - TAG/ECA/AQUA	79	79	-
Transportation - field trips	31	31	-
Gasoline - buses	52	52	-
Transportation - non-public	317	317	-
Transportation - special education aide	220	220	-
Transportation - supplies	1	1	-
Van driver	132	132	-
Property liability insurance	487	487	-
Athletic insurance	39	39	-
Uninsured coverage	11	11	-
Postage	61	61	-
Telephone	236	236	-
Advertising	2	2	-
Printing expense	10	10	-

(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, 2018
(In Thousands)**

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Tuition - public	\$ 825	\$ 825	\$ -
Tuition - non-public	3,216	3,216	-
Tuition - ECA program	136	136	-
Tuition - AQUA	74	74	-
Tuition - Vo-Ag	212	212	-
Tuition - gifted students	23	23	-
Tuition - Bridgeport	150	150	-
Travel mileage	47	47	-
Non-instructional supplies	125	125	-
Instructional supplies	708	708	-
Health and medical	19	19	-
Graduation expense	27	27	-
Textbooks	25	25	-
Text adoptions	78	78	-
Library books	59	59	-
Periodicals	20	20	-
Testing expense	149	149	-
Evaluation expense	12	12	-
A/V materials	2	2	-
Other educational supplies	4	4	-
Computer software	438	438	-
Equipment	443	443	-
Furniture and fixtures	240	240	-
Computers	529	529	-
Lease/purchase	17	17	-
Capital equipment	124	124	-
Dues and fees	87	87	-
Professional development	275	275	-
Student activities	98	98	-
Student athletics	41	41	-
Athletics - equipment repair	15	15	-
Athletics - supplies	62	62	-
Athletics - equipment	41	41	-
Athletics - uniforms	48	48	-
Miscellaneous - misc other	20	20	-
Athletics - game operations	36	36	-
Total	\$ <u>91,954</u>	\$ <u>91,954</u>	\$ <u>-</u>



Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Fund	Funding Source	Function
Park and Playground	Developer Fees and Investment Earnings	Park and Playground Development
Human Resource Development	State Grants and City Contributions	Social Service Activities
Special Grants and Revenues	State/Federal Grants, City Contributions	Various Grant/City Programs
Community Development	Federal Grants	Administer Community Development
Open Space	Fees in Lieu of Donated Open Space	Open Space Acquisition
Tuition	Attendee Fees	Day Care, Pre-School, Family Resource
Grants and Donations - Board of Education	Grants and Donations	Student Activities
Special Education Grants	State and Federal Grants	Education Programs
Cafeteria	State and Federal Grants, User Fees	Administer School Lunch Program
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

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

Capital Project Fund

Fund	Funding Source	Function
School Renovations	State Grants, Bond/BAN Proceeds	School Renovations
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	Sewer Fund
ASSETS										
Cash and cash equivalents	\$ 2	\$ 621	\$ 4,981	\$ 41	\$ 70	\$ 957	\$ 479	\$ 669	\$ 532	\$ 5,308
Accounts receivable			391							144
Due from other governments									120	
Due from other funds		11	217							67
Inventory									38,000	
Total Assets	<u>\$ 2</u>	<u>\$ 632</u>	<u>\$ 5,589</u>	<u>\$ 41</u>	<u>\$ 70</u>	<u>\$ 957</u>	<u>\$ 479</u>	<u>\$ 669</u>	<u>\$ 690</u>	<u>\$ 5,519</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$	\$ 5	\$ 950	\$ 3	\$	\$	\$	\$ 421	\$ 19	\$ 518
Due to other funds		20	57							370
Unearned revenue			406							
Bond anticipation notes payable										
Other liabilities										
Total liabilities	<u>-</u>	<u>25</u>	<u>1,413</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421</u>	<u>19</u>	<u>888</u>
Deferred inflows of resources:										
Unavailable revenue - special assessments										129
Advance sewer collections										26
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>
Fund balances:										
Nonspendable									38	
Restricted							479	248		
Committed	2	607	4,176	38	70	957			633	4,476
Unassigned	<u>2</u>	<u>607</u>	<u>4,176</u>	<u>38</u>	<u>70</u>	<u>957</u>	<u>479</u>	<u>248</u>	<u>671</u>	<u>4,476</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 632</u>	<u>\$ 5,589</u>	<u>\$ 41</u>	<u>\$ 70</u>	<u>\$ 957</u>	<u>\$ 479</u>	<u>\$ 669</u>	<u>\$ 690</u>	<u>\$ 5,519</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
	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Debt Service	School Renovations	Sanitary Sewer Fund	Interfund Eliminations	
ASSETS									
Cash and cash equivalents	\$ 59	\$ 105	\$ 109	\$ 38	\$ 3,415	\$ 214	\$ 451	\$	\$ 18,051
Accounts receivable									535
Due from other governments									120
Due from other funds					3				298
Inventory									38,000
Total Assets	<u>\$ 59</u>	<u>\$ 105</u>	<u>\$ 109</u>	<u>\$ 38</u>	<u>\$ 3,418</u>	<u>\$ 214</u>	<u>\$ 451</u>	<u>\$ -</u>	<u>\$ 19,042</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$	\$ 708	\$	\$ 2,624
Due to other funds							32		479
Unearned revenue									406
Bond anticipation notes payable							3,150		3,150
Other liabilities							305		305
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,195</u>	<u>-</u>	<u>6,964</u>
Deferred inflows of resources:									
Unavailable revenue - special assessments									129
Advance sewer collections									26
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>
Fund balances:									
Nonspendable									38
Restricted						214			941
Committed	59	105	109	38	3,418				14,688
Unassigned							(3,744)		(3,744)
	<u>59</u>	<u>105</u>	<u>109</u>	<u>38</u>	<u>3,418</u>	<u>214</u>	<u>(3,744)</u>	<u>-</u>	<u>11,923</u>
Total Liabilities and Fund Balances	<u>\$ 59</u>	<u>\$ 105</u>	<u>\$ 109</u>	<u>\$ 38</u>	<u>\$ 3,418</u>	<u>\$ 214</u>	<u>\$ 451</u>	<u>\$ -</u>	<u>\$ 19,042</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	Sewer Fund
Revenues:										
Property taxes and assessments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 7,770
Fines, forfeitures, penalties and interest										51
Intergovernmental		518	1,604	447				3,534	894	
Charges for services		7	3,155	13					1,429	56
Investment income		8	1			1		6		85
Other revenues		28	1,053			1,027	616			600
Total revenues	-	561	5,813	460	-	1,028	616	3,540	2,323	8,562
Expenditures:										
Current:										
General government			529							
Public safety			2,805							
Public services			502	446						
Education			878			1,086	258	3,531	2,366	
Health and welfare		856	929							
Sewer										6,271
Capital outlay										1,659
Debt service										
Total expenditures	-	856	5,643	446	-	1,086	258	3,531	2,366	7,930
Excess (deficiency) of revenues over expenditures	-	(295)	170	14	-	(58)	358	9	(43)	632
Other financing sources:										
Issuance of bonds and notes										
Transfers in		445	18							
Transfers out				(10)						
Total other financing sources	-	445	18	(10)	-	-	-	-	-	-
Net Change in Fund Balances	-	150	188	4	-	(58)	358	9	(43)	632
Fund Balances at Beginning of Year	2	457	3,988	34	70	1,015	121	239	714	3,844
Fund Balances at End of Year	\$ 2	\$ 607	\$ 4,176	\$ 38	\$ 70	\$ 957	\$ 479	\$ 248	\$ 671	\$ 4,476

(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
	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Debt Service	School Renovations	Sanitary Sewer Fund	Interfund Eliminations	
Revenues:									
Property taxes and assessments	\$	\$	\$	\$	\$	\$	\$	\$	7,770
Fines, forfeitures, penalties and interest									51
Intergovernmental						1,177			8,174
Charges for services					96				4,756
Investment income		2			46				149
Other revenues	28		5		61				3,418
Total revenues	28	2	5	-	203	1,177	-	-	24,318
Expenditures:									
Current:									
General government									529
Public safety									2,805
Public services									948
Education	9					6			8,134
Health and welfare									1,785
Sewer									6,271
Capital outlay							4,483		4,483
Debt service					351				2,010
Total expenditures	9	-	-	-	351	6	4,483	-	26,965
Excess (deficiency) of revenues over expenditures	19	2	5	-	(148)	1,171	(4,483)	-	(2,647)
Other financing sources:									
Issuance of bonds and notes							3,105		3,105
Transfers in					3			(10,000)	456
Transfers out								10,000	
Total other financing sources	-	-	-	-	3	-	3,105	-	3,561
Net Change in Fund Balances	19	2	5	-	(145)	1,171	(1,378)	-	914
Fund Balances at Beginning of Year	40	103	104	38	3,563	(957)	(2,366)		11,009
Fund Balances at End of Year	\$ 59	\$ 105	\$ 109	\$ 38	\$ 3,418	\$ 214	\$ (3,744)	\$ -	\$ 11,923



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, 2018
(In Thousands)

	<u>Milford Golf Course</u>	<u>Harbor Management</u>	<u>Total</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 110	\$ 408	\$ 518
Accounts receivable			
Due from other funds	24		24
Total current assets	<u>134</u>	<u>408</u>	<u>542</u>
Noncurrent assets:			
Capital assets:			
Not being depreciated	569	1,085	1,654
Being depreciated, net	1,506	191	1,697
Total noncurrent assets	<u>2,075</u>	<u>1,276</u>	<u>3,351</u>
Total assets	<u>2,209</u>	<u>1,684</u>	<u>3,893</u>
Liabilities:			
Current			
Accounts payable and accrued liabilities	8	17	25
Due to other funds		2	2
Total liabilities	<u>8</u>	<u>19</u>	<u>27</u>
Net Position:			
Invested in capital assets	2,075	1,276	3,351
Unrestricted	<u>126</u>	<u>389</u>	<u>515</u>
Total Net Position	<u>\$ 2,201</u>	<u>\$ 1,665</u>	<u>\$ 3,866</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, 2018
(In Thousands)

	Milford Golf Course	Harbor Management	Total
Operating revenues:			
Charges for services	\$ 89	\$ 260	\$ 349
Operating expenses:			
Salaries		123	123
Operations and supplies	40	60	100
Insurance		53	53
Depreciation	29	20	49
Total operating expenses	69	256	325
Operating income	20	4	24
Nonoperating revenue:			
Interest income	2	1	3
Income before capital contributions and transfers	22	5	27
Capital contributions and transfers:			
Capital contribution			
Transfers out	(35)		(35)
Total capital contributions and transfers	(35)	-	(35)
Change in Net Position	(13)	5	(8)
Total Net Position at Beginning of Year	2,214	1,660	3,874
Total Net Position at End of Year	\$ 2,201	\$ 1,665	\$ 3,866

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities		
	Milford Golf Course	Harbor Management	Total
Cash flows from operating activities:			
Cash received from contributions and charges for services	\$ 65	\$ 260	\$ 325
Cash paid to employees		(123)	(123)
Cash paid to vendors	(11)	(112)	(123)
Net cash provided by (used in) operating activities	<u>54</u>	<u>25</u>	<u>79</u>
Cash flows to/from noncapital financing activities:			
Transfers to/from other funds	<u>(35)</u>		<u>(35)</u>
Cash flows from investing activities:			
Interest and dividends received	<u>2</u>	<u>1</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	21	26	47
Cash and cash equivalents at beginning of year	<u>89</u>	<u>382</u>	<u>471</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 110</u></u>	<u><u>\$ 408</u></u>	<u><u>\$ 518</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 20	\$ 4	\$ 24
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	5		5
Increase (decrease) in due to other funds		1	1
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 54</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 79</u></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, 2018
(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	Total
Assets:				
Cash and cash equivalents	\$ 13,400	\$ 3,383	\$ 3,506	\$ 20,289
Due from other funds	227	35	16	278
Total assets	<u>13,627</u>	<u>3,418</u>	<u>3,522</u>	<u>20,567</u>
Liabilities:				
Accounts payable and accrued liabilities	411	7	120	538
Accrued claims	2,646	3,921	187	6,754
Total liabilities	<u>3,057</u>	<u>3,928</u>	<u>307</u>	<u>7,292</u>
Net Position:				
Unrestricted	<u>10,570</u>	<u>(510)</u>	<u>3,215</u>	<u>13,275</u>
Total Net Position	<u>\$ 10,570</u>	<u>\$ (510)</u>	<u>\$ 3,215</u>	<u>\$ 13,275</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, 2018

(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	Total
Operating revenues:				
Employer contributions	\$ 30,137	\$ 1,278	\$ 1,364	\$ 32,779
Employee contributions	6,861			6,861
Other	195	331	140	666
Total operating revenues	<u>37,193</u>	<u>1,609</u>	<u>1,504</u>	<u>40,306</u>
Operating expenses:				
Insurance premiums and claims expense	<u>38,001</u>	<u>2,411</u>	<u>1,373</u>	<u>41,785</u>
Operating income (loss)	(808)	(802)	131	(1,479)
Contributions and transfers:				
Transfer in	<u></u>	<u></u>	<u>15</u>	<u>15</u>
Net income (loss)	(808)	(802)	146	(1,464)
Net Position at Beginning of Year	<u>11,378</u>	<u>292</u>	<u>3,069</u>	<u>14,739</u>
Net Position at End of Year	<u>\$ 10,570</u>	<u>\$ (510)</u>	<u>\$ 3,215</u>	<u>\$ 13,275</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Health Insurance Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 37,129	\$ 1,639	\$ 1,494	\$ 40,262
Cash payments for claims paid	<u>(37,968)</u>	<u>(1,550)</u>	<u>(1,272)</u>	<u>(40,790)</u>
Net cash provided by (used in) operating activities	(839)	89	222	(528)
Cash flows from noncapital financing:				
Transfers to/from other funds			15	15
Net increase (decrease) in cash and cash equivalents	(839)	89	237	(513)
Cash and cash equivalents at beginning of year	<u>14,239</u>	<u>3,294</u>	<u>3,269</u>	<u>20,802</u>
Cash and Cash Equivalents at End of Year	<u>\$ 13,400</u>	<u>\$ 3,383</u>	<u>\$ 3,506</u>	<u>\$ 20,289</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (808)	\$ (802)	\$ 131	\$ (1,479)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in accounts receivable	65		5	70
(Increase) decrease in due from other funds	(129)	30	(15)	(114)
Increase (decrease) in accounts payable and accrued liabilities	<u>33</u>	<u>861</u>	<u>101</u>	<u>995</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (839)</u>	<u>\$ 89</u>	<u>\$ 222</u>	<u>\$ (528)</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, 2018
(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	\$ 607	\$ 269	\$ 530	\$ 1,406
Investments	<u>70</u>	<u></u>	<u></u>	<u>70</u>
Total Assets	<u>\$ 677</u>	<u>\$ 269</u>	<u>\$ 530</u>	<u>\$ 1,476</u>
Liabilities:				
Due to employees, students and others	\$ <u>677</u>	\$ <u>269</u>	\$ <u>530</u>	\$ <u>1,476</u>
Total Liabilities	<u>\$ 677</u>	<u>\$ 269</u>	<u>\$ 530</u>	<u>\$ 1,476</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 1,023	\$ 1,359	\$ 1,775	\$ 607
Investments	<u>75</u>	<u></u>	<u>5</u>	<u>70</u>
Total Assets	<u>\$ 1,098</u>	<u>\$ 1,359</u>	<u>\$ 1,780</u>	<u>\$ 677</u>
Liabilities:				
Due to Employees, Students and Others	<u>\$ 1,098</u>	<u>\$ 1,359</u>	<u>\$ 1,780</u>	<u>\$ 677</u>
Inland/Wetland Bonds				
Assets:				
Cash and cash equivalents	\$ 210	\$ 78	\$ 19	\$ 269
Accounts receivable	<u>12</u>	<u></u>	<u>12</u>	<u>-</u>
Total Assets	<u>\$ 222</u>	<u>\$ 78</u>	<u>\$ 31</u>	<u>\$ 269</u>
Liabilities:				
Due to employees, students and others	<u>\$ 222</u>	<u>\$ 78</u>	<u>\$ 31</u>	<u>\$ 269</u>
Total Liabilities	<u>\$ 222</u>	<u>\$ 78</u>	<u>\$ 31</u>	<u>\$ 269</u>
Planning and Zoning Bonds				
Assets:				
Cash and Cash Equivalents	<u>\$ 589</u>	<u>\$ 62</u>	<u>\$ 121</u>	<u>\$ 530</u>
Liabilities:				
Due to Employees, Students and Others	<u>\$ 589</u>	<u>\$ 62</u>	<u>\$ 121</u>	<u>\$ 530</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 1,822	\$ 1,499	\$ 1,915	\$ 1,406
Investments	<u>75</u>	<u></u>	<u>5</u>	<u>70</u>
Accounts receivable	<u>12</u>	<u></u>	<u>12</u>	<u>-</u>
Total Assets	<u>\$ 1,909</u>	<u>\$ 1,499</u>	<u>\$ 1,932</u>	<u>\$ 1,476</u>
Liabilities:				
Due to employees and others	<u>\$ 1,909</u>	<u>\$ 1,499</u>	<u>\$ 1,932</u>	<u>\$ 1,476</u>
Total Liabilities	<u>\$ 1,909</u>	<u>\$ 1,499</u>	<u>\$ 1,932</u>	<u>\$ 1,476</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									
	2018	2017	2016	2015	2014 (2)	2013	2012	2011	2010	2009
Governmental Activities:										
Net investments in capital assets	\$ 215,426	\$ 203,122	\$ 194,944	\$ 174,139	\$ 166,869	\$ 153,422	\$ 145,526	\$ 132,115	\$ 143,992	\$ 135,747
Unrestricted	(392,473)	(135,453)	(107,907)	(83,172)	(71,768)	(48,669)	(36,008)	(14,990)	(14,831)	5,514
Total Governmental Activities Net Position	(177,047)	67,669	87,037	90,967	95,101	104,753	109,518	117,125	129,161	141,261
Business-type activities:										
Investments in capital assets	3,351	3,400	3,444	3,361	3,126	3,163	3,200	3,238	3,284	3,341
Unrestricted	515	474	510	569	513	708	642	653	605	642
Total Business-Type Net Position	3,866	3,874	3,954	3,930	3,639	3,871	3,842	3,891	3,889	3,983
Primary government:										
Net investments in capital assets	218,777	206,522	198,388	177,500	169,995	156,585	148,726	135,353	147,276	139,088
Unrestricted	(391,958)	(134,979)	(107,675)	(82,603)	(71,551)	(47,961)	(35,366)	(14,517)	(14,226)	6,156
Total Primary Government Net Position	\$ (173,181)	\$ 71,543	\$ 90,713	\$ 94,897	\$ 98,444	\$ 108,624	\$ 113,360	\$ 120,836	\$ 133,050	\$ 145,244

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
General government	\$ 20,608	\$ 22,007	\$ 22,299	\$ 13,004	\$ 9,770	\$ 8,068	\$ 11,142	\$ 10,844	\$ 7,542	\$ 7,796
Administration	3,206	3,505	3,280	3,882	3,803	4,018	4,147	3,769	3,625	3,677
Public safety	36,630	39,698	38,986	38,754	38,410	41,506	38,471	37,014	35,817	36,067
Public services	27,502	20,819	21,776	18,586	27,538	25,314	27,673	27,911	31,252	29,066
Education	173,258	172,388	159,930	149,823	142,617	138,265	132,771	131,342	124,894	123,520
Health and welfare	2,449	3,825	4,054	4,183	5,503	5,728	5,929	5,906	5,313	5,709
Sewer**	5,116	5,964	5,783							
General charges *										
Grants to agencies				3,073	9,072	4,051	3,889	3,938	3,656	3,735
Interest on long-term debt	5,087	4,834	2,810	4,653	2,711	2,703	2,085	1,972	3,226	3,471
Total governmental activities expenses	273,856	273,040	258,918	235,958	239,424	229,653	226,106	222,696	215,325	213,041
Business-type activities:										
Milford Golf Course	69	78	81	64	64	69	88	68	115	92
Harbor Management	256	250	234	235	242	230	287	307	335	420
Total business-type activities expenses	325	328	315	299	306	299	375	375	450	512
Total primary government expenses	274,181	273,368	259,233	236,257	239,730	229,952	226,481	223,071	215,775	213,553
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,956	1,798	1,858	1,779	1,125	1,562	977	1,131	1,178	1,234
Public service	1,469	1,399	1,778	1,432	1,627	1,639	802	61	1,385	1,378
Education	2,491	2,301	2,672	2,435	1,627	1,702	2,705	2,754	2,682	2,679
Sewer**	56	98								
Other	5,519	4,614	4,100	4,166	3,374	3,410	2,766	2,616	2,006	1,188
Operating grants and contributions	39,562	39,753	31,072	29,527	36,980	29,867	29,730	27,489	28,258	27,647
Capital grants and contributions	6,149	4,453	18,527	3,046	115	1,753	3,426		454	4,081
Total governmental activities program revenues	57,202	54,416	60,007	42,385	44,848	39,933	40,406	34,051	35,963	38,207
Business-type activities:										
Charges for services:										
Golf fees	89	89	87	85	84	80	74	73	70	70
Harbor fees	260	253	248	242	249	252	267	252	249	258
Operating grants and contributions			26					60	38	74
Capital grants and contributions		5		272						
Total business-type activities program revenues	349	347	361	599	333	332	341	385	357	402
Total primary government program revenues	57,551	54,763	60,368	42,984	45,181	40,265	40,747	34,436	36,320	38,609

(Continued on next page)

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

	FISCAL YEAR									
	2018	2016	2016	2015	2014	2013	2012	2011	2010	2009
Net (expense) revenue:										
Governmental activities	\$ (216,654)	\$ (218,624)	\$ (198,911)	\$ (193,573)	\$ (194,576)	\$ (189,720)	\$ (185,700)	\$ (188,645)	\$ (179,362)	\$ (174,834)
Business-type activities	24	19	46	300	27	33	(34)	10	(93)	(110)
Total primary government net expense	<u>(216,630)</u>	<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>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	191,359	187,587	185,435	180,864	174,885	170,870	161,252	160,134	152,330	152,856
Grants and contributions not restricted to specific programs	9,340	10,965	9,125	8,321	8,693	11,327	14,103	13,665	13,040	10,612
Unrestricted investment earnings	1,045	402	188	49	72	1,735	1,600	1,716	1,080	689
Other general revenues	136	202	210	195	718	926	1,301	905	809	3,344
Transfers in	35	100	23	10	260	4	17	9	3	
Gain on sale of capital assets						93				
Total governmental activities	<u>201,915</u>	<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>
Business-type activities:										
Unrestricted investment earnings	3						2	1	2	7
Transfers out	(35)	(100)	1	(10)	(260)	(4)	(17)	(9)	(3)	
Contributed assets			(23)							
Total business-type activities	<u>(32)</u>	<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>
Total primary government	<u>201,883</u>	<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>
Change in Net Position:										
Governmental activities	(14,739)	(19,368)	(3,930)	(4,134)	(9,948)	(4,765)	(7,427)	(12,216)	(12,100)	(7,333)
Business-type activities	<u>(8)</u>	<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>
Total Primary Government	<u>\$ (14,747)</u>	<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>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,341	\$ 3,176
Unreserved									14,462	16,070
Nonspendable	21	21	21	21	21	21	21	438		
Committed	1,368	1,383	1,090	1,055	1,054	1,033	1,212	2,699		
Assigned	11,700	9,748	8,094	7,696	6,959	7,875	4,198	7,545		
Unassigned	30,240	25,605	20,668	16,336	14,814	14,945	15,638	12,841		
Total General Fund	\$ <u>43,329</u>	\$ <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>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 19,801	\$ 10,860
Unreserved, reported in:										
Special revenue funds									7,174	6,485
Debt service funds									4,387	5,554
Capital projects funds									(19,566)	(61,979)
Nonspendable	38	23	30	41	71	84	77	23		
Restricted	941	360	358	468	3,845	3,802	3,364	2,090		
Committed	14,688	13,949	14,224	18,508	19,068	28,863	18,297	28,103		
Assigned					86	4,165	3,802			
Unassigned	(27,774)	(19,123)	(10,919)	(16,238)	(24,557)	(35,789)	(31,896)	(33,171)		
Total All Other Governmental Funds	\$ <u>(12,107)</u>	\$ <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>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes and assessments	\$ 189,054	\$ 187,082	\$ 184,213	\$ 178,740	\$ 173,069	\$ 171,708	\$ 162,014	\$ 159,555	\$ 151,428	\$ 151,760
Fines, forfeitures, penalties and interest	1,783	1,687	1,293	1,239	1,058	1,632	1,487	1,654	993	1,072
Intergovernmental	46,686	47,341	51,231	34,119	39,265	37,519	41,805	33,206	36,907	37,949
Charges for services	9,460	8,362	8,299	7,744	6,737	7,310	6,079	6,925	7,609	6,720
Investment income	1,045	457	243	98	117	149	113	174	231	689
Other	10,677	10,056	10,145	8,979	8,503	7,615	8,458	9,133	6,117	6,546
Total revenues	<u>258,705</u>	<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>
Expenditures:										
General government	4,676	5,012	4,775	4,219	4,672	4,827	7,304	7,084	4,981	4,591
Administration	2,747	2,772	2,493	2,496	2,529	2,492	2,435	2,462	2,397	2,404
Public safety	29,269	27,921	27,503	27,137	25,937	25,129	24,562	24,317	23,712	23,555
Public services	12,569	12,586	12,582	12,058	12,238	12,235	17,591	17,901	19,949	17,991
Education	142,027	140,613	135,818	128,303	130,942	126,127	122,074	118,811	115,871	113,944
Health and welfare	3,358	4,062	3,826	3,479	3,733	3,687	3,930	3,864	3,554	3,747
Sewer**	6,271	6,116	5,783							
General charges	25,112	24,697	23,832	23,635	21,961	19,324	21,295	15,453	15,948	16,619
Other	2,628	2,611	2,606	2,651	2,642	2,640	2,626	2,646	2,504	2,561
Capital outlay	33,991	31,237	24,231	19,395	31,345	30,914	31,606	25,528	14,423	30,745
Debt service - principal	12,137	11,088	8,910	10,804	8,825	8,373	8,831	7,562	6,745	
Debt service - interest	5,342	5,146	6,569	5,028	3,823	3,566	3,182	3,364	3,303	
Debt service*										9,001
Total expenditures	<u>280,127</u>	<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>
Excess of Revenue Under Expenditures	<u>(21,422)</u>	<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>
Other Financing Sources (Uses):										
Lease principal receipts										
Issuance of bonds	18,735	16,440	8,350	14,195	16,000	23,405	15,329	13,240	59,246	13,500
Issuance of refunding bonds	13,130		16,015	14,935		14,045	8,765		16,087	
Payment to refunded bond escrow agent	(14,948)		(18,698)	(17,312)		(15,469)	(9,332)		(15,899)	
Premium on issuance of debt	3,741	736	3,391	3,004		1,566	692			
Sale of capital assets						116	11		98	22
Transfers in	911	2,402	3,165	1,344	2,968	2,968	4,121	2,998	2,333	3,332
Transfers out	(891)	(2,302)	(3,040)	(1,354)	(2,964)	(2,964)	(4,198)	(2,687)	(2,330)	(3,332)
Total other financing sources	<u>20,678</u>	<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>
Net Change in Fund Balances	<u>\$ (744)</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	6.9%	6.6%	6.5%	7.0%	5.8%	5.7%	5.6%	5.37%	5.05%	4.63%

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.

TABLE 5

CITY OF MILFORD, CONNECTICUT
NINE YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET
FISCAL YEAR 2009-2018
(In Thousands)

	Adopted Budget 2018-19	Actual 6/30/2018	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
Revenues:											
Property taxes and assessments	\$ 179,322	\$ 181,284	\$ 179,444	\$ 177,034	\$ 171,858	\$ 165,899	\$ 164,236	\$ 155,213	\$ 153,080	\$ 146,157	\$ 146,819
Intergovernmental revenue	12,417	33,542	34,484	25,086	24,254	27,759	26,789	26,930	22,384	22,212	24,521
Fines, forfeitures, penalties and interest	1,525	1,732	1,624	1,244	1,199	1,058	1,632	1,487	1,654	993	1,072
Investment income	550	806	356	191	89	75	64	62	113	152	467
Other	16,381	11,703	10,979	11,089	8,962	8,236	8,236	8,907	9,215	6,129	6,633
Total revenues	<u>210,195</u>	<u>229,067</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>
Expenditures:											
General government	4,491	4,147	4,212	3,951	3,930	3,885	3,894	3,869	3,968	3,419	3,322
Administration	3,148	2,747	2,772	2,493	2,496	2,529	2,492	2,435	2,462	2,397	2,404
Public safety	27,672	26,464	25,662	25,376	24,393	23,686	23,142	22,837	22,654	22,448	22,427
Public services	12,190	11,621	11,742	11,832	11,272	11,691	11,527	11,455	11,696	11,401	11,825
Education	115,139	133,893	131,763	124,576	119,634	123,068	119,070	114,635	109,306	106,657	106,963
Health and welfare	1,784	1,573	1,725	1,640	1,615	1,645	1,576	1,656	1,695	1,629	1,649
General charges	26,226	25,112	24,697	23,832	23,635	21,961	19,324	21,295	15,453	15,948	16,619
Grants to agencies	3,120	2,628	2,611	2,606	2,651	2,642	2,640	2,626	2,646	2,504	2,561
Debt service	16,425	15,342	14,153	13,466	13,839	12,648	11,939	12,013	10,926	10,048	9,001
Total expenditures	<u>210,195</u>	<u>223,527</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>5,540</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>
Other financing sources (uses):											
Issuance of refunding bonds		13		16,015	14,935		14,045	8,765		15,470	
Payment to refunded bond escrow agent		(15)		(18,698)	(17,312)		(15,469)	(9,332)		(15,899)	
Premium on issuance of debt		3,741	736	3,391	3,004		1,566	692		617	
Sale of capital assets							116	11		98	22
Transfers in			44			1327	21	596	456	545	
Transfers out		(891)	(1,446)	(815)	(1,264)	(1,625)	(2,827)	(2,964)	(2,002)	(1,466)	(2,105)
Net other financing uses		<u>1,032</u>	<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		6,572	6,884	4,765	2,260	(1,026)	2,805	(2,454)	4,094	(1,443)	658
Fund equity, beginning year, as restated*		<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>19,429</u>	<u>19,246</u>	<u>18,588</u>
Fund Equity, End of Year	\$ <u>43,329</u>	\$ <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	21	438		
Committed		1,368	1,383	1,090	1,055	1,054	1,033	1,212	2,699		
Assigned		11,700	9,748	8,094	7,696	6,959	7,875	4,198	7,545		
Unassigned		<u>30,240</u>	<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>43,329</u>	\$ <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**

2018-2022

(In Thousands)

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>Total</u>
Proposed Projects:					
Education	\$ 16,700	\$ 10,500	\$ 12,350	\$ 6,800	\$ 46,350
Sewers	2,955	3,170	770		6,895
Police	30,000				30,000
Roads/Drainage	2,000	2,000	2,000	2,000	8,000
Buildings	495				495
Erosion/Flood control	35				35
Recreation	200	10,000	200	500	10,900
Total	<u>\$ 52,385</u>	<u>\$ 25,670</u>	<u>\$ 15,320</u>	<u>\$ 9,300</u>	<u>\$ 102,675</u>
Proposed Funding:					
Pay-As-You-Go	\$ 185	\$ 150	\$ 150	\$ 150	\$ 635
Bonds	46,391	21,641	11,384	7,779	87,195
Grants	5,809	3,879	3,786	1,371	14,845
Total	<u>\$ 52,385</u>	<u>\$ 25,670</u>	<u>\$ 15,320</u>	<u>\$ 9,300</u>	<u>\$ 102,675</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								
2018	2016	\$ 4,518,080	\$ 1,331,858	\$	\$ 471,468	\$ 390,559	\$ 6,711,965	\$ 172,233	\$ 6,539,732	27.79	\$ 9,342,474	70.00%
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%

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 2018 and FY2009
(In Thousands)**

Taxpayers	Nature of Business	2018		Percentage of Net Taxable Assessed Value	2009		Percentage of Net Taxable Assessed Value
		Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Connecticut Post Limited Partnership	Regional Shopping Mall	\$ 149,148	1	2.32%	\$ 176,552	1	2.70%
Connecticut Light and Power Company	Utility	103,664	2	1.61%	34,982	5	0.70%
Milford Crossing Investors LLC	Retail	62,947	3	0.98%	78,059	2	0.80%
Wolff	Office/Retail/Apartments	46,586	4	0.73%			
JP Construction Company/Avalon Bay	Apartments	28,230	6	0.44%	25,372	8	0.30%
Crown Milford, LLC	Office Park	27,078	7	0.42%	37,654	4	0.70%
Smith Craft Real Estate, ETALS	Real Estate Developer	28,590	5	0.45%	55,625	3	0.80%
Schick Manufacturing Inc.	Manufacturer - Razors	26,012	8	0.41%	27,542	6	0.50%
D'Amato Investments, LLC	Real Estate Development	25,627	9	0.40%	27,106	7	0.40%
Devon Power	Utility	22,312	10	0.35%			
Keystone Milford LLC	Retail (Stop & Shop)				19,863	9	0.30%
Milford Plaza Associates LLC	Regional Shopping Center				16,623	10	0.30%
Total		\$ 520,194		8.10%	\$ 499,378		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 (6/30/18)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2018	27.79	\$ 183,139	\$ 178,854	97.66%	\$ N/A	\$ 178,854	97.66%
2017	27.84	179,148	175,991	98.24%	1,834	175,991	98.24%
2016	27.88	178,307	174,556	97.90%	3,376	174,556	97.90%
2015	27.22	173,728	169,954	97.83%	2,348	172,074	99.05%
2014	26.28	168,390	164,519	97.70%	1,382	165,704	98.40%
2013	25.60	163,674	160,911	98.10%	2,111	162,868	97.76%
2012	28.89	156,123	153,158	97.76%	2,511	155,579	99.04%
2011	28.44	154,259	150,811	98.13%	1,804	152,594	99.40%
2010	28.23	146,895	144,148	97.62%	2,980	147,103	99.55%
2009	28.23	148,604	145,060	98.50%	1,673	146,723	99.64%

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							
2018	\$	146,949	\$	26,734	\$	2.19	\$	3,279
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

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, 2018
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2017					\$ 180,920
Reimbursement for revenue loss on:					
Tax relief for the elderly					-
Base					\$ 180,920
	General Purpose	Schools	Sewers	Urban Renewal	Pension Bonds
Debt Limitation:					
2-1/4 times base	\$ 407,070	\$	\$	\$	\$
4-1/2 times base		814,140			
3-3/4 times base			678,450		
3-1/4 times base				587,990	
3 times base					542,760
Total debt limitation	<u>407,070</u>	<u>814,140</u>	<u>678,450</u>	<u>587,990</u>	<u>542,760</u>
Indebtedness:					
Bonds payable	48,656	45,344	42,695		
CWF project loan obligation			26,734		
Authorized, unissued debt	<u>46,642</u>	<u>18,054</u>	<u>14,503</u>		
Total indebtedness	<u>95,298</u>	<u>63,398</u>	<u>83,932</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 311,772</u>	<u>\$ 750,742</u>	<u>\$ 594,518</u>	<u>\$ 587,990</u>	<u>\$ 542,760</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,266,440).

TABLE 12

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 1,266,440	\$ 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
Total net debt applicable to limit	<u>242,628</u>	<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>
Legal Debt Margin	<u>\$ 1,023,812</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.16%	20.92%	19.49%	17.41%	18.97%	18.48%	16.86%	18.65%	18.32%	16.99%

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, 2018
(In Thousands)

Long-term bonded (1)		
Bonds:		
Public Improvement	\$	48,656
Schools		45,344
Sewers		42,695
Clean Water		<u>26,734</u>
Total long-term bonded debt		163,429
Short-term debt:		
Bond Anticipation Notes		<u>23,795</u>
Total Direct Debt	\$	<u><u>187,224</u></u>

Note: The City has no overlapping or underlying debt.

Population (2)	52,970
Net Taxable Grand List (10/01/16)	\$ 6,539,732
Estimated Full Value (70%)	\$ 9,373,442
Equalized Grand List (10/1/16) (3)	\$ 9,270,939
Money Income Per Capita (2010) (4)	\$ 43,408

	Total Direct Debt	Total Net Direct Debt
Per Capita	\$ 3,534.53	\$ 3,534.53
Ratio to net Taxable Grand List	2.86%	2.86%
Ratio to Estimated Full Value	2.00%	2.00%
Ratio to Equalized Grand List	2.02%	2.02%
Debt per Capita to Money Income per Capita	8.14%	8.14%

*Presented in thousands

(1) Excludes capital leases

(2) U.S. Department of Commerce, Fiscal Year 2018 estimate based on the April 1, 2010 Census.

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

(4) U.S. Census Bureau/American Community Survey 2013-2017, used for FY2018 calculations.

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)					
2018	2016	\$ 6,539,732	\$ 9,342,474	\$ 163,429	2.50	1.75	52,970	\$ 3,085.31	7.11
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

(1) 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 2018 estimate based on the April 1, 2010 Census.

(5) Money Income Per Capita: \$43,408, U.S. Census Bureau/American Community Survey 2013-2017, used for FY2018 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, 2018**

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	3,943,185		361,092	12,000	316,023		
Various Public Improvements (Apr 08)	3,715,559	3,166,450			10,000	549,109		
Various Public Improvements (Feb 10)	6,292,000	5,843,600		12,725		435,675		
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	6,348,500			250,000	1,184,500		
Various Public Improvements (Feb 14)	8,717,500	4,440,000		6,250	329,000	4,271,250		
Various Public Improvements (Feb 15)	10,307,230	1,915,000		755,962	628,000	7,636,268		
Various Public Improvements (Feb 16)	12,889,500	6,099,000		667,440	1,142,000	6,123,060		
Various Public Improvements (Jan 17)	9,671,200	603,000			2,450,000	9,068,200		
April 2017 Gulf Street Road Construction	3,300,000					3,300,000		
Naugatuck Ave Drainage Imp Phase 2: Sep. 2015	3,759,266	645,000		1,284,873	934,000	1,829,393		
Various Public Improvements (Feb. 2018)	6,875,000					6,875,000		
General Public Improvements	1,775,538	1,751,800				23,738		
Subtotal General Improvement	113,206,758	62,389,400	2,400	4,172,799	5,755,000	46,642,160	-	-
Various School Improvements (Feb 07)	18,489,511	12,591,600		5,327,250			570,661	
Various School Improvements (Apr 08)	1,440,000	1,197,300		232,883			9,817	
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	3,639,806		1,990,194			-	
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			679,319	
Various School Improvements (Feb 14)	3,456,229	2,367,000		828,379			260,850	
Various School Improvements (Feb 15)	10,390,000	3,276,700		1,145,580	2,280,000		3,687,720	
Various School Improvements (Feb 16)	6,599,500	2,038,000		1,466,695	1,960,000		1,134,805	
Various School Improvements (Jan 17)	23,697,989	5,750,000		1,108,882	10,650,000		6,189,107	
Various School Improvements (Feb 18)	3,828,000						3,828,000	
Subtotal Schools	108,674,060	49,803,806	-	25,926,063	14,890,000	-	18,054,191	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
AUTHORIZED BUT UNISSUED DEBT (CONTINUED)
JUNE 30, 2018**

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	\$ 30,633,200	\$	\$	\$ 25,000	\$		\$ 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	3,680,000						354,679
Sewers XIX	187,000	172,000						15,000
Rock St & Welches Point Pump Stations Feb 2015	6,934,670	1,945,000			2,103,000			2,886,670
Sewer Darina Place February 2015	550,000	431,000						119,000
Indian River Interceptor Phase 3 Feb. 2015	1,869,321	1,655,000			5,000			209,321
Edgefield Ave Sewer Pipe Lining Feb. 2016	2,291,050	488,000			600,000			1,203,050
Beaver Brook Wastewater Plant Feb. 2016	700,150	65,000			407,000			228,150
Edgefield Ave - Seabreeze Ave Sewer Feb. 2016	455,000	286,000			10,000			159,000
Viscount Drive Sanitary Sewer (Feb. 2018)	2,600,000							2,600,000
Subtotal Sewers	75,000,465	57,347,800	-	-	3,150,000	-	-	14,502,665
Totals	\$ 296,881,283	\$ 169,541,006	\$ 2,400	\$ 30,098,862	\$ 23,795,000	\$ 46,642,160	\$ 18,054,191	\$ 14,502,665

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

Calendar Year	Population(1)	Per Capita Income(2)	Total Personal Income	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2018	52,970	\$ 43,408	\$ 2,299,321,760	44.1	5,791	2.9
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

(1) Source: U.S. Department of Commerce, Fiscal Year 2018 estimate based on the April 1, 2010 Census.
of Public Health

(2) Source: U.S. Census Bureau/American Community Survey 2013-2017, used for FY2018 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	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
City of Milford Board of Education	Municipal School System	1,038	1	3.53%	1,251	1	4.19%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	995	2	3.38%	660	3	2.21%
Milford Hospital	Healthcare	650	3	2.21%	850	2	2.85%
City of Milford	Municipal Government	539	4	1.83%	561	5	1.88%
Schick	Manufacturer - Razors	501	5	1.70%	580	4	1.94%
Neopost Hasler, Inc.	Postage Meter Company	379	6	1.29%	260	9	0.87%
Bosco's	Retail Department Store	308	7	1.05%			
Shop Rite	Food Retail	300	8	1.02%	251	7	0.84%
Super Stop & Shop	Food Retail	274	9	0.93%			
Costco	Wholesale Club	258	10	0.88%			
Macy's (Filene's)	Retail Department Store				336	6	1.12%
A&A Drywall Associates	Construction Company				271	8	0.91%
Alinabal	Manufacturer				259	10	0.87%
Total		5,242		17.83%	5,279		17.68%
Total Employment		29,397			29,867		

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	109	135	119	130	128	126	118	127	127	126
Police	138	133	137	129	127	128	127	130	130	129
Fire	113	117	121	121	121	123	126	127	127	127
Refuse collection	21	22	27	29	31	30	31	33	33	31
Other public works	102	76	79	74	77	79	79	84	85	81
Wastewater	31	31	31	31	31	31	31	29	27	25
Parks and recreation	6	5	6	6	6	6	6	7	7	7
Library	19	19	19	19	20	19	19	19	19	19
Education	<u>1038</u>	<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>
Total	<u>1577</u>	<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>

Source: Various City Departments

TABLE 19

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Building permits issued	90	63	71	60	71	67	35	52	68	67
All other permits	1,395	1,244	1,246	1,019	994	1,179	3,377	2,966	2,826	2,705
Building inspections conducted	6,794	6,381	5,756	4,994	5,923	5,201	4,878	4,750	5,878	7,581
Police:										
Physical arrests	1,286	1,339	1,541	988	1,267	1,251	2,806	2,773	1,900	2,065
Parking violations	1,758	1,108	1,337	1,270	900	1,748	3,622	4,299	4,673	3,637
Traffic violations	4,260	4,401	2,899	4,112	2,260	2,221	9,277	8,341	8,224	11,507
Fire:										
Emergency responses	8,042	8,500	7,900	7,854	7,617	7,951	8,108	7,749	7,819	7,369
Fires extinguished	143	140	259	148	140	126	201	180	150	169
Refuse collection:										
Refuse collected (tons per day)	16,723	15,757	16,595	14,611	15,597	16,192	11,154	15,224	15,590	14,604
Recyclables collected (tons per day)	4,131	4,317	4,090	3,946	4,224	4,354	4,273	2,557	2,575	2,779
Other public works:										
Street resurfacing (miles)	21.00	20.00	12.68	8.30	4.70	3.3	2.50	2.26	5.84	2.50
Potholes repaired (prior info not available)	140									
Parks and recreation:										
Athletic field permits issued	1,260	1,260	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Community Center admissions	6,235	6,235	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939
Library:										
Volumes in collection	125,032	130,394	125,852	129,341	127,773	128,182	126,055	126,118	124,590	120,506
Total volumes borrowed	184,232	172,909	171,632	183,797	193,511	195,902	198,276	211,825	220,213	210,245
Wastewater:										
Average daily sewage treatment (thousands of gallons)	8,562	7,452	6,876	7,235	8,700	8,700	10,000	10,000	8,700	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	42	42	43	42	42	40	40	40	40	40
Fire stations	4	4	6	4	4	4	5	5	5	5
Refuse collection:										
Collection trucks	15	15	13	13	13	13	15	11	11	11
Other public works:										
Streets (miles)	204	204	204	199	199	199	199	199	199	199
Traffic signals	132	137	137	136	136	136	135	134	134	134
Parks and recreation:										
Open space parks	8	8	8	8	8	8	8	8	8	8
Ball/Soccer/Football fields	40	40	38	38	38	38	38	38	38	38
Playgrounds	20	20	20	20	20	19	19	23	23	23
Swimming pools	2	2	2	2	2	2	2	2	2	2
Splash pad	1									
Tennis courts	25	25	25	25	25	25	25	25	25	25
Pickel ball courts	8									
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	1,426	1,425	1,689	1,415	1,404	1,410	1,407	1,402	1,397	1,390
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	263	262	262	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	14,250	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	8	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*
2018	83	\$ 17,284	7	\$ 4,228	1,395	\$ 43,349	1,485	\$ 64,861
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

(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.