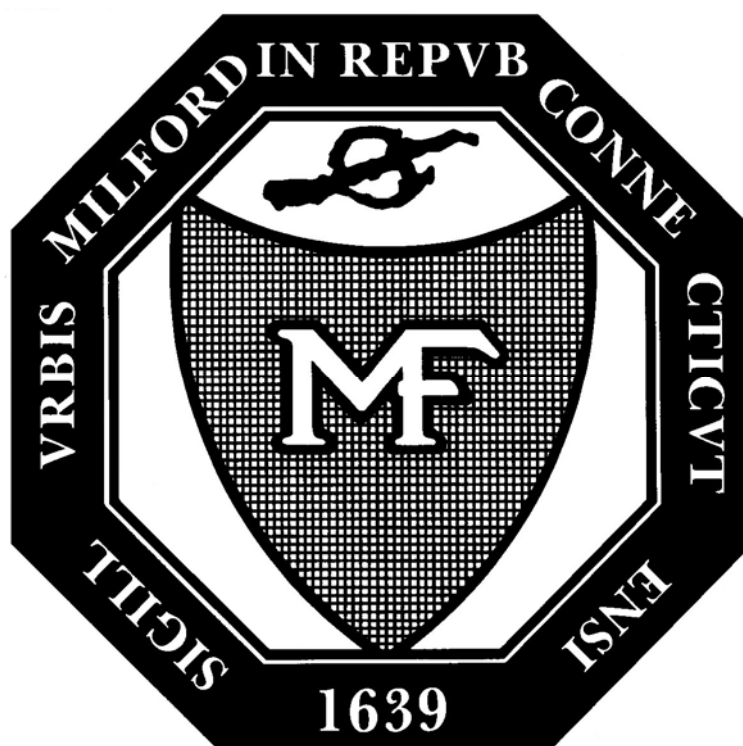


# **City of Milford Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2012

# **City of Milford Connecticut**

## **Comprehensive Annual Financial Report**

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**Fiscal Year Ended June 30, 2012**

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

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

**Ariane P. Swift  
City Accountant**

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

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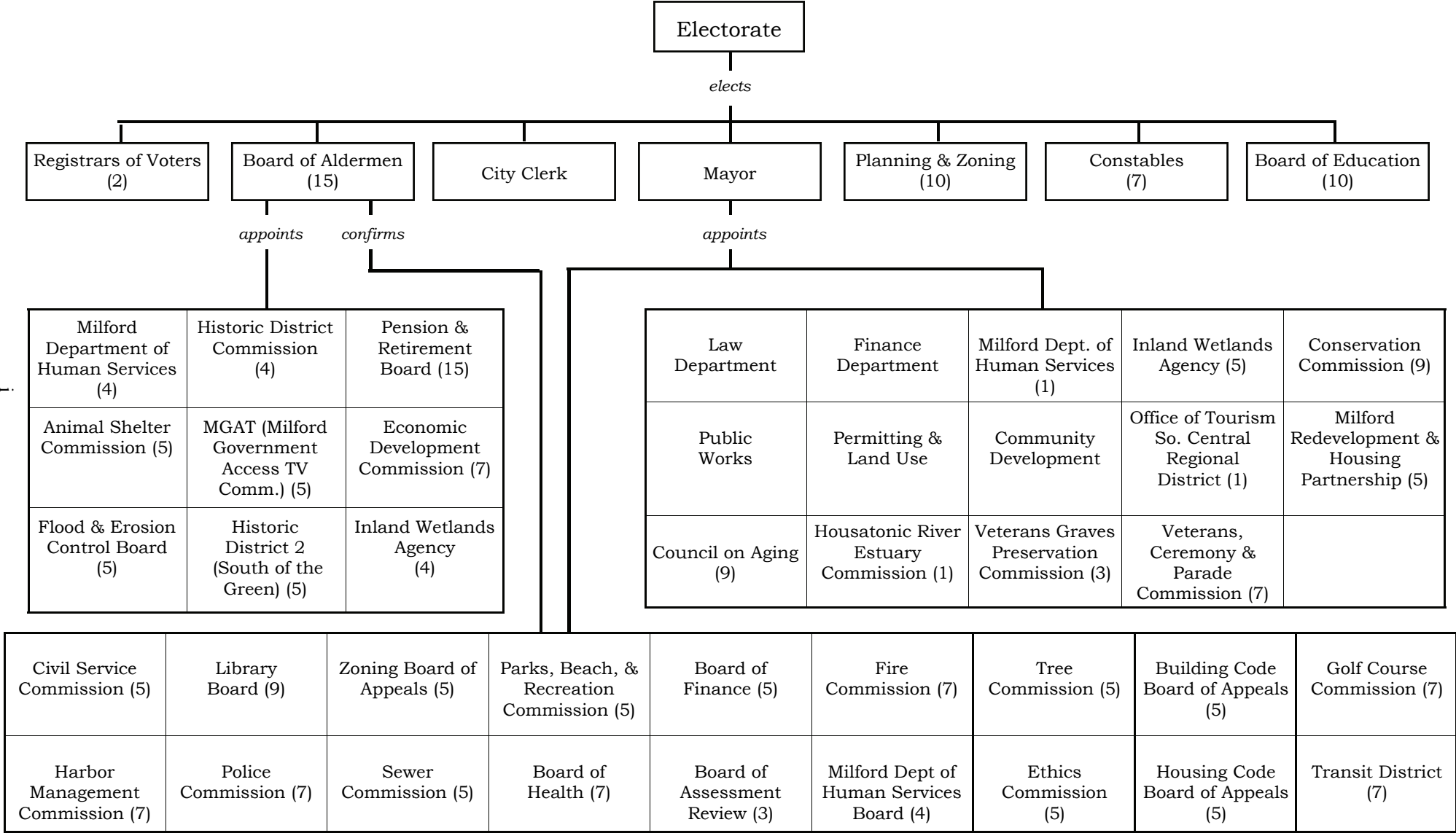
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## **Introductory Section**

# City of Milford Organizational Chart



## **PRINCIPAL OFFICIALS**

### **Mayor**

Benjamin G. Blake

### **Board of Aldermen**

Philip J. Vetro, Chair  
Brian Bier  
Anthony Giannattasio  
Greta Stanford  
Janet A. Golden  
Robert Dickman  
Dominick Veccharelli, Jr.  
Paula L. Smith  
Frank J. Smith  
George R. Gasper III  
Susan Shaw  
Daniel J. German  
Robert C. Nunno  
Bryan N. Anderson  
Raymond G. Vitali

### **Board of Education**

Tracy Casey, Chair  
Dr. Mark T. Stapleton  
James Maroney, Jr.  
Susan Glennon  
Christopher Saley  
George Gensure  
Beverly Pierson  
Earl Whiskeyman  
Dora Kubek  
Suzanne L. DiBiase

### **Appointed Officials**

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





# City of Milford, Connecticut

- Founded 1639 -

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

Office of the  
Director of Finance

December 22, 2012

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, 2012 is hereby submitted. This report was prepared by the City's Department of Finance in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner that presents fairly the financial position and results of the operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

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

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

The City's unemployment rate was 8.2% through August 2012 as compared to the State of Connecticut at 9.2%. The increase in the unemployment rate from 7.8% to 8.2% 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, 2011 was \$6.4 billion which represents an 18.29% increase over the grand list of October 1, 2010. The top ten taxpayers have been relatively stable over the past two years and represent 8.54% of the grand list.

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

The production of energy continues to be one of the major drivers of Milford's economic growth. The East Devon transmission substation services the high voltage lines into Fairfield County and a joint venture by NRG and UI called GenConn has added 200 Megawatt of peaking power to the grid. Another energy project was the completion of Iroquois Gas Milford Compressor Station that opened in January 2009. This station increased the flow of natural gas through the pipeline that runs through the City.

One of the major economic developments of the year was Cerruzzi Properties purchase of the former Showcase Cinemas site on Cherry Street. This 9-acre site has been vacant for several years but the City is confident that Cerruzzi will soon propose plans for the site. They were the successful developers of the former Milford Jai Ali and Ryder Park sites in Milford.

Milford Hospital expanded its facility on the Boston Post Road. It has completed a 3-story, 33,000sf building to expand medical services and provide additional physician and specialist offices. The Walk-In Center was expanded as well.

Downtown Milford continues to benefit from development. Colony Grill is currently constructing a new restaurant on the former Harrison's Hardware site. Colony Grill has other locations in Fairfield, Stamford, and Avon, Connecticut. One New Haven Avenue, also downtown, was sold to Smith Craft Real Estate. The building has been converted to apartments on the upper floors with office/retail on the main floor.

Bob's Stores, a major clothing and sports retailer, renewed its space of more than 50,000sf at Milford Plaza with a five year lease valued at \$1.86 million. Retail Chain Dollar Tree Store (9,000sf), Southington Wines & Spirit Co. (20,000sf), and Nonna's Brick Oven Pizza also occupy Milford Plaza which is now approximately 94% leased.

Donghia is relocating its corporate headquarters from Mt. Vernon, NY to join its warehouse operation at 500 Bic Drive. 3PL Worldwide, Subway, Ebeanstalk, Encore Sales, PSI Services and Milford Fabricating are already located in the former Bic buildings. Sikorsky Aircraft is leasing 53,000sf for storage of research and development machinery there.

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

The Boston Post Road continues to see positive growth. Chipotle Mexican Grill opened next to Starbucks Coffee. LA Fitness is nearing completion of a new fitness center occupying about 40,000sf of space in the Connecticut Post Mall. Milford MarketPlace solidified its position with the addition of Captiva Salon, Paul Mitchell, and Plan B Burger.

Tri-State Kenworth has opened a new full-service dealership. The 13,500sf center is located on a 4-acre site one-quarter mile off I-95, Exit 40, the major east-west truck route connecting New York City to Boston. Also, Western International has leased 11,212sf of industrial flex space at 290 Quarry Road. Located less than a half mile from the Milford Transit District and under one mile from I-95; the property's balance of warehouse and office space was leased by Transcube Distribution Center. Kisco Conforming Coating, East Coast Valve Services, American Integrity Restoration, R.S. Capital Group, LLC, Daniel Blanchet, and Business Microcosm Corporation all signed leases in Milford. Lastly, Hartford National Tile, Inc. a leading provider of national tile and closing services, has moved its headquarters to a larger, state-of-the-art office facility located at 344 West Main Street. Hartford National Tile is occupying 1,800sf and has 14 employees.

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, 2012, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## **THE OPERATING BUDGET**

### **Guidelines**

#### **Budgetary Control**

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

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

#### **Debt**

The Mayor and the Finance Director use a guideline that debt service shall not exceed 10% of the respective year budget. For FY2012, debt service represents approximately 6.7% of the budget.

#### **Use of Fund Balance**

The Mayor and the Board of Aldermen have followed an informal guideline of maintaining a minimum of 5% of the current year budget in unreserved, undesignated fund balance.

## **Budgetary and Long Term Financial Planning**

The City officials are very mindful of the current economic circumstances, the level of taxes, and the need to balance them with the needs and expectations of the community. During the budget deliberations for FY10, the Board of Aldermen voted to freeze the 5 year phase in of the 2006 revaluation of property after only 40 % of the change in values had been recognized. This was permitted by state legislation. The values remained at those levels until the next revaluation of October 2011 which impacted the FY13 budget. The Oct 2011 revaluation resulted in an 18.29% increase in the net taxable grand list which equaled \$6.4 billion.

The City tries to conservatively budget revenues, particularly building permit fees, investment income, and conveyance fees. These revenues are highly dependent on the economy and market conditions, which began a downturn in 2008 and remain sluggish. Of these items, the only one with an expected continuing decline is investment income. The FY12 budget was reduced by \$50,000 to a level of \$70,000 and the FY13 budget contains only \$14,000. The City earned \$67 thousand in FY11 and \$14 thousand in FY12. The City has also recognized the impacts of the economy on the State budget and is conservative in planning for State grants. For FY11 and FY12, the City planned for reductions in certain grants and others with level funding. In FY12, state grants were budgeted at \$15.5 million and funded 8.4% of the City's budget. In FY12, state grants were budgeted at \$15.5 million, which was 8.3% of the budget. The Education Cost Sharing Grant, which is a major grant for the City, increased from \$9.2 million budgeted in FY11 to \$10.7 million budgeted in FY12.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. The City negotiated 0% increase for FY10, 2% for FY11, and 2% for FY12 for all City unions (except for Police which had a 2.9% increase for FY12) and gave the same to the non-represented employees. In FY10 and FY11, the Education Operations (EO) budget increased 1.35% and 2.25% and the City's budget increased (decreased) (0.80)% and 2.80% respectively. The FY11 EO budget reflects the closure of one elementary school and the related reduction of approximately 40 staff. In FY12, the City reduced positions across departments. For FY12, the City's budget increased by 5.5% and the EO budget increased by 4.0%.

The long-term plan for the City is to continue with a business friendly environment to encourage development /redevelopment of properties. The City will only have minimal, if any, personnel increases. Labor contracts for the majority of the City's unionized workforce expired June 30, 2011. The Police Union contract expires June 30, 2012. Currently all contracts have been re-negotiated and settled for four years; except for Nurses whose contract is still under negotiation. These contracts include a premium cost share on an increasing sliding scale for all employees who will now contribute to the cost of their health insurance (Police already had a premium cost share implemented). The City will have to balance fixed asset and infrastructure maintenance/improvements while keeping debt service at a manageable level. The City plans to keep the pension plans 100% funded. The City will continue compiling a five-year capital plan and a five-year vehicle and equipment replacement schedule.

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

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

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

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

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

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

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

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

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

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

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

for both federal and state single audits will be found in separately issued single audit reports.

***Certificate of Achievement for Excellence in Financial Reporting.*** The government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Milford for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted/

A handwritten signature in black ink, appearing to read "Peter A. Erodici, Jr.", written over a horizontal line.

Peter A. Erodici, Jr.  
Director of Finance



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milford  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Sandson*

President

*Jeffrey R. Enner*

Executive Director

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the City of Milford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Milford, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Milford, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2012 on our consideration of the City of Milford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 49 through 54 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, who consider 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milford, Connecticut's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and 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.

*Blum, Shapiro & Company, P.C.*

December 22, 2012

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

**JUNE 30, 2012**

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, 2012. This is the ninth year of reporting in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

**Financial Highlights**

- The City's net assets decreased as a result of this year's operations. Net assets of our business-type activities decreased by \$49 thousand and net assets of our governmental activities decreased by \$7.4 million.
- During the year, the City had expenses that were \$7.4 million more than the \$218.7 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$226.1 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$21.1 million and unassigned fund balance of \$15.6 million.
- The resources available for appropriation were \$2.2 million more than budgeted for the General Fund. Expenditures were \$1.4 million less than final appropriations.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

### **Government-Wide Financial Analysis**

The City's combined net assets decreased from \$121 million to \$114 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**Table 1**  
**NET ASSETS**  
(In Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 89,724	\$ 97,736	\$ 650	\$ 668	\$ 90,374	\$ 98,404
Capital assets	312,846	288,085	3,200	3,238	316,046	291,323
Total assets	402,570	385,821	3,850	3,906	406,420	389,727
Long-term debt outstanding	242,441	221,962			242,441	221,962
Other liabilities	50,603	46,914	7	15	50,610	46,929
Total liabilities	293,044	268,876	7	15	293,051	268,891
Net assets:						
Invested in capital assets, net of debt	145,526	132,115	3,200	3,238	148,726	135,353
Restricted	252	250			252	250
Unrestricted	(36,260)	(15,420)	642	653	(35,618)	(14,767)
Total Net Assets	\$ 109,518	\$ 116,945	\$ 3,842	\$ 3,891	\$ 113,360	\$ 120,836

Net assets of the City's governmental activities decreased by 6.4% (\$109.5 million compared to \$117.0 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a deficit of \$36.2 million at the end of this year.

There was only a slight change in the net assets of business-type activities from 2011 to 2012. The City generally can only use these net assets to finance the continuing operations of the Milford Golf Course and the Harbor Management.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues:						
Program revenues:						
Charges for services	\$ 7,250	\$ 6,562	\$ 341	\$ 325	\$ 7,591	\$ 6,887
Operating grants and contributions	29,730	27,489		60	29,730	27,549
Capital grants and contributions	3,426				3,426	
General revenues:						
Property taxes	161,252	160,134			161,252	160,134
Grants and contributions not restricted to specific purposes	14,103	13,665			14,103	13,665
Unrestricted investment earnings	1,600	1,716	2	1	1,602	1,717
Other general revenues	1,301	905			1,301	905
Total revenues	<u>218,662</u>	<u>210,471</u>	<u>343</u>	<u>386</u>	<u>219,005</u>	<u>210,857</u>
Expenses:						
General government	11,142	10,844			11,142	10,844
Administration	4,147	3,769			4,147	3,769
Public safety	38,471	37,014			38,471	37,014
Public services	27,673	27,911			27,673	27,911
Education	132,771	131,342			132,771	131,342
Health and welfare	5,929	5,906			5,929	5,906
Grants to agencies	3,889	3,938			3,889	3,938
Interest on long-term debt	2,085	1,972			2,085	1,972
Milford Golf Course			88	68	88	68
Harbor management			287	307	287	307
Total program expenses	<u>226,106</u>	<u>222,696</u>	<u>375</u>	<u>375</u>	<u>226,481</u>	<u>223,071</u>
Transfers in (out)	<u>17</u>	<u>9</u>	<u>(17)</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	\$ <u>(7,427)</u>	\$ <u>(12,216)</u>	\$ <u>(49)</u>	\$ <u>2</u>	\$ <u>(7,476)</u>	\$ <u>(12,214)</u>

The City's total revenues were \$219.0 million. The total cost of all programs and services was \$226.5 million. Our analysis below separately considers the operations of governmental and business-type activities.



### **Governmental Activities**

The City's revenues increased by \$8.1 million from 2011. Besides the increase in tax or assessment revenues, part of the increase is attributable to a \$1.5 million increase in the Educational Cost Sharing grant and a \$2.1 million increase in the State Teachers' Pension Fund contribution. Other grant revenue increased by \$2.1 million. School construction grant revenue increased by \$3.9 million as well.

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

**Table 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Public safety	\$ 38,471	\$ 37,014	\$ 35,853	\$ 34,333
Public services	27,673	27,911	25,543	27,397
Education	132,771	131,342	99,534	104,687
All others	27,192	26,429	24,771	22,228
Totals	\$ <u>226,106</u>	\$ <u>222,696</u>	\$ <u>185,700</u>	\$ <u>188,645</u>

### **Business-Type Activities**

Revenues of the City's business-type activities (see Table 2) increased by 7.5% (\$343 thousand in 2012 compared to \$386 thousand in 2011) and expenses remained unchanged over 2011.

### **City Funds Financial Analysis**

#### **Governmental Funds**

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$14.7 million, which is a reduction of \$10.1 million over last year's fund balance of \$24.8 million. Included in this year's total change in fund balance, is a decrease of \$4.5 million in the Capital Non-recurring Fund and \$9.4 million in the Sanitary Sewer Fund. The fund balance increased by \$5.2 million in the School Facilities Fund due to higher school grant revenue and the issuance of bonds. The primary reason for the decreases in fund balances for the first two funds aforementioned was the increase in expenditures for various capital projects. The primary reasons for the General Fund's decrease mirrors the governmental activities analysis highlighted in Exhibit IV.

### ***Proprietary Funds***

The Internal Service Funds net assets decreased \$531 thousand primarily due to reduced employer contributions. The Enterprise Funds' net assets decreased from last year by \$49 thousand.

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

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$1.5 million due to a higher collection rate than was used in the budget.
- State aid revenue was greater than budgeted by \$427 thousand. This was due to both increases and decreases in various grants. The Manufacturer's Machinery and Equipment Grant was under budget by \$44 thousand. The Municipal Video Corporate Trust Account was \$149 thousand, while no amount was budgeted for. The remaining change was spread amongst several grants.
- Investment Income - revenues from the investment of idle funds were lower than budgeted by \$56 thousand due to lower interest rates and less money on deposit.
- Other Revenue was \$256 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$34 thousand below budget mainly due to lower than anticipated conveyance taxes. These income categories are directly related to the economy and decline in bad economic times.
- Department Expenditures - No departments overspent their budget.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At June 30, 2012, the City's governmental activities had \$312.8 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$24.7 million over last year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land	\$ 36.5	\$ 34.8	\$ 1.7	\$ 1.7	\$ 38.2	\$ 36.5
Construction in progress	140.1	117.9			140.1	117.9
Buildings and improvements	78.3	78.4	1.3	1.3	79.6	79.7
Machinery and equipment	7.8	6.6	0.2	0.2	8.0	6.8
Infrastructure	50.1	50.4			50.1	50.4
Totals	<u>\$ 312.8</u>	<u>\$ 288.1</u>	<u>\$ 3.2</u>	<u>\$ 3.2</u>	<u>\$ 316.0</u>	<u>\$ 291.3</u>

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

	\$
Police Vehicles and Equipment	304
Public Works Equipment and Vehicles	1709
Fire Department Equipment and Vehicles	329
Stern Hall	1582
East Side Fire Station CIP	3095
Devon Revitalization - CIP	404
Town Dock - CIP	1734
Communication system - CIP	1099
School Additions and Renovations - CIP	3417
Sewer CIP	13,796
Sewer Installations	<u>589</u>
Total	<u>\$ 28,058</u>

The City's fiscal-year 2012-13 capital plan has \$17.1 million of capital projects planned. School building renovations are estimated at \$7.5 million, sewer projects at \$3.1 million, and public service projects at \$6.7 million. Of the total estimated \$17.1 million, it is expected to finance

\$12.1 million with bonds and \$4.7 million with grants. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

### **Long-Term Debt**

At June 30, 2012, the City had \$167.9 million in bonds and notes outstanding versus \$156.8 million last year - an increase of 7.1% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 7.

**Table 5**  
**OUTSTANDING DEBT**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
General obligation bonds (backed by the City)	\$ 96,615	\$ 89,100
Bond anticipation notes (backed by the City)	31,816	26,230
Long-term note payable	39,488	41,476
Totals	<u>\$ 167,919</u>	<u>\$ 156,806</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 2013 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City's unemployment rate has decreased from 7.8% to 7.1%. In comparison, the figures for the State of Connecticut have decreased from 9% to 8.40%.

These indicators were taken into account when adopting the General Fund budget for 2012-13. The adopted budget for FY 2013 is \$185.8 million, an increase of 1.2% over the final 2012 budget of \$183.5 million. No new programs or initiatives were added to the 2013 budget. State grants were assumed to fund only 8.3% of the 2013 budget as compared to 8.4% of the 2012 budget.

If estimates are realized, the City's June 30, 2013 budgetary General Fund balance is not expected to be lower than the June 30, 2012 budgetary General Fund balance because there was no use of fund balance to balance the budget.

As for the City's business-type activities, we expect that the 2012-13 results will improve due to more rounds of golf, higher operating fee revenue, and an increase in bookings at the marina.

### **Contacting the City's Financial Management**

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

## **Basic Financial Statements**

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF NET ASSETS

June 30, 2012

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 73,611	\$ 627	\$ 74,238
Investments	116		116
Receivables, net	15,876	23	15,899
Internal balances	1	(1)	-
Inventory	26		26
Prepaid items and other assets	72		72
Net pension asset	23		23
Capital assets:			
Capital assets not being depreciated	176,643	1,654	178,297
Capital assets being depreciated, net	<u>136,202</u>	<u>1,546</u>	<u>137,748</u>
Total assets	<u>402,570</u>	<u>3,849</u>	<u>406,419</u>
Liabilities:			
Accounts and other payables	17,047	7	17,054
Unearned revenue	1,740		1,740
Due to fiduciary funds	8		8
Bond anticipation notes payable	31,816		31,816
Noncurrent liabilities:			
Due within one year	10,703		10,703
Due in more than one year	<u>231,738</u>		<u>231,738</u>
Total liabilities	<u>293,052</u>	<u>7</u>	<u>293,059</u>
Net Assets:			
Invested in capital assets, net of related debt	145,526	3,200	148,726
Restricted for:			
Trust purposes:			
Expendable	252		252
Unrestricted	<u>(36,260)</u>	<u>642</u>	<u>(35,618)</u>
Total Net Assets	\$ <u>109,518</u>	\$ <u>3,842</u>	\$ <u>113,360</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 11,142	\$ 977	\$ 498	\$	\$ (9,667)	\$	\$ (9,667)
Administration	4,147		139		(4,008)		(4,008)
Public safety	38,471	2,599	19		(35,853)		(35,853)
Public services	27,673	802	1,328		(25,543)		(25,543)
Education	132,771	2,705	27,106	3,426	(99,534)		(99,534)
Health and welfare	5,929	167	640		(5,122)		(5,122)
Grants to agencies	3,889				(3,889)		(3,889)
Interest on long-term debt	2,085				(2,085)		(2,085)
Total governmental activities	<u>226,106</u>	<u>7,250</u>	<u>29,730</u>	<u>3,426</u>	<u>(185,700)</u>	<u>-</u>	<u>(185,700)</u>
Business-type activities:							
Milford Golf Course	88	74				(14)	(14)
Harbor Management	287	267				(20)	(20)
Total business-type activities	<u>375</u>	<u>341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>(34)</u>
Total	<u>\$ 2,460</u>	<u>\$ 7,591</u>	<u>\$ 29,730</u>	<u>\$ 3,426</u>	<u>(185,700)</u>	<u>(34)</u>	<u>(185,734)</u>
General revenues:							
Property taxes					161,252		161,252
Grants and contributions not restricted to specific programs					14,103		14,103
Unrestricted investment earnings					1,600	2	1,602
Other general revenues					1,301		1,301
Transfers					17	(17)	-
Total general revenues and transfers					<u>178,273</u>	<u>(15)</u>	<u>178,258</u>
Change in net assets					(7,427)	(49)	(7,476)
Net assets, July 1, 2011					116,945	3,891	120,836
Net assets, June 30, 2012					<u>\$ 109,518</u>	<u>\$ 3,842</u>	<u>\$ 113,360</u>

The accompanying notes are an integral part of the financial statements



## CITY OF MILFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012  
(In Thousands)

	<u>General</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 31,881	\$ 4,678	\$ 6,331	\$ 1,970	\$ 6,653	\$ 10,772	\$ 62,285
Investments	116						116
Receivables, net	14,609	194				415	15,218
Due from other funds	2,344	80	1,324			663	4,411
Inventories						26	26
Prepaid items and other assets	21		51				72
Total Assets	<u>\$ 48,971</u>	<u>\$ 4,952</u>	<u>\$ 7,706</u>	<u>\$ 1,970</u>	<u>\$ 6,653</u>	<u>\$ 11,876</u>	<u>\$ 82,128</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 9,461	\$ 260	\$ 393	\$ 536	\$ 844	\$ 1,313	\$ 12,807
Other liabilities	1,741		326	668	260		2,995
Due to other governments	430		18				448
Due to other funds	1,788	669	1,086	774	215	105	4,637
Deferred revenue	14,482	222				8	14,712
Bond anticipation notes payable			10,319	12,069	9,403	25	31,816
Total liabilities	<u>27,902</u>	<u>1,151</u>	<u>12,142</u>	<u>14,047</u>	<u>10,722</u>	<u>1,451</u>	<u>67,415</u>
Fund balances:							
Nonspendable	21		51			26	98
Restricted						3,364	3,364
Committed	1,212	238	4,323	4,749	2,120	6,867	19,509
Assigned	4,198	3,563				239	8,000
Unassigned	15,638		(8,810)	(16,826)	(6,189)	(71)	(16,258)
Total fund balances	<u>21,069</u>	<u>3,801</u>	<u>(4,436)</u>	<u>(12,077)</u>	<u>(4,069)</u>	<u>10,425</u>	<u>14,713</u>
Total Liabilities and Fund Balances	<u>\$ 48,971</u>	<u>\$ 4,952</u>	<u>\$ 7,706</u>	<u>\$ 1,970</u>	<u>\$ 6,653</u>	<u>\$ 11,876</u>	<u>\$ 82,128</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

(In Thousands)

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

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

Fund balances - total governmental funds	\$	14,713
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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	\$	443,280	
Less accumulated depreciation		<u>(130,435)</u>	
Net capital assets			312,845

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

Net pension asset		23
Property tax receivables greater than 60 days		6,743
Interest receivable on property taxes		4,578
Assessments receivable		302
Interest receivable on assessments		9
Receivable from the state for school construction projects		1,340

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

7,603

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

Bonds and notes payable	(136,103)
Interest payable on bonds and notes	(297)
Compensated absences	(18,282)
Net OPEB obligation	(84,556)
Deferred charges on refunding	<u>600</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>109,518</u></u>
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The accompanying notes are an integral part of the financial statements

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

**FOR THE YEAR ENDED JUNE 30, 2012**  
**(In Thousands)**

	<u>General</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes and assessments	\$ 155,213	\$ 6,801	\$	\$	\$	\$	\$ 162,014
Fines, forfeitures, penalties and interest	1,487						1,487
Intergovernmental	26,930		1,941		3,934	9,000	41,805
Charges for services	2,111	102	89			3,777	6,079
Investment income	62	49				2	113
Other	6,796	622				1,040	8,458
Total revenues	<u>192,599</u>	<u>7,574</u>	<u>2,030</u>	<u>-</u>	<u>3,934</u>	<u>13,819</u>	<u>219,956</u>
Expenditures:							
Current:							
General government	3,869	1,599				1,836	7,304
Administration	2,435						2,435
Public safety	22,837					1,725	24,562
Public services	11,455	5,458				678	17,591
Education	114,635					7,439	122,074
Health and welfare	1,656					2,274	3,930
General charges	21,295						21,295
Grants to agencies	2,626						2,626
Capital outlay			13,675	14,112	3,819		31,606
Debt service	12,013						12,013
Total expenditures	<u>192,821</u>	<u>7,057</u>	<u>13,675</u>	<u>14,112</u>	<u>3,819</u>	<u>13,952</u>	<u>245,436</u>
Excess (deficiency) of revenues over expenditures	<u>(222)</u>	<u>517</u>	<u>(11,645)</u>	<u>(14,112)</u>	<u>115</u>	<u>(133)</u>	<u>(25,480)</u>
Other financing sources (uses):							
Issuance of bonds and notes			5,519	4,700	5,110		15,329
Premium on refunding bonds	692						692
Proceeds from sale of refunding bonds	8,765						8,765
Payment to refunded bond escrow agent	(9,332)						(9,332)
Sale of capital assets	11						11
Transfers in	596	57	2,324			1,144	4,121
Transfers out	(2,964)	(581)	(653)				(4,198)
Total other financing sources (uses)	<u>(2,232)</u>	<u>(524)</u>	<u>7,190</u>	<u>4,700</u>	<u>5,110</u>	<u>1,144</u>	<u>15,388</u>
Net change in fund balances	(2,454)	(7)	(4,455)	(9,412)	5,225	1,011	(10,092)
Fund balance, July 1, 2011	<u>23,523</u>	<u>3,808</u>	<u>19</u>	<u>(2,665)</u>	<u>(9,294)</u>	<u>9,414</u>	<u>24,805</u>
Fund Balance, June 30, 2012	<u>\$ 21,069</u>	<u>\$ 3,801</u>	<u>\$ (4,436)</u>	<u>\$ (12,077)</u>	<u>\$ (4,069)</u>	<u>\$ 10,425</u>	<u>\$ 14,713</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

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) \$ (10,092)

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

Capital outlay	28,670
Depreciation expense	(3,845)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade - in of capital assets (65)

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	(508)
Property tax receivable - accrual basis change	(767)
Property tax interest and lien revenue - accrual basis change	85
Sewer assessment receivable and interest - accrual basis change	(103)
Net pension asset	(1)

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

Bond and note principal payments	9,717
Payments to bond refunding agent	9,332
Issuance of bonds and notes	(15,329)
Refunding bonds issued	(8,765)
Bond issuance costs	125
Premium on bonds refunded	(692)

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	118
Accrued interest	237
Amortization of deferred charge on refunding	(151)
Net OPEB expense	(14,862)

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.

(531)

Change in Net Assets of Governmental Activities (Exhibit II) \$ (7,427)

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

(In Thousands)

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Milford Golf Course</b>	<b>Harbor Management</b>	<b>Total</b>	<b>Internal Service</b>
Assets:				
Current:				
Cash and cash equivalents	\$ 274	\$ 353	\$ 627	\$ 11,326
Receivables, net	23		23	658
Due from other funds			-	219
Total current assets	<u>297</u>	<u>353</u>	<u>650</u>	<u>12,203</u>
Capital assets, net	<u>1,827</u>	<u>1,373</u>	<u>3,200</u>	
Total assets	<u>2,124</u>	<u>1,726</u>	<u>3,850</u>	<u>12,203</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities		7	7	500
Due to other funds		<u>1</u>	<u>1</u>	
Total current liabilities	<u>-</u>	<u>8</u>	<u>8</u>	<u>500</u>
Noncurrent:				
Risk management claims			-	4,100
Total liabilities	<u>-</u>	<u>8</u>	<u>8</u>	<u>4,600</u>
Net Assets:				
Invested in capital assets	<u>1,827</u>	<u>1,373</u>	<u>3,200</u>	
Unrestricted	<u>297</u>	<u>345</u>	<u>642</u>	<u>7,603</u>
Total Net Assets	<u>\$ 2,124</u>	<u>\$ 1,718</u>	<u>\$ 3,842</u>	<u>\$ 7,603</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 31,187
Charges for services	74	267	341	5,062
Other			-	221
Total operating revenues	<u>74</u>	<u>267</u>	<u>341</u>	<u>36,470</u>
Operating expenses:				
Health and welfare	72	266	338	
Depreciation	16	21	37	
Insurance premiums and claims expense			-	37,096
Total operating expenses	<u>88</u>	<u>287</u>	<u>375</u>	<u>37,096</u>
Operating loss	(14)	(20)	(34)	(626)
Nonoperating revenue:				
Interest income	1	1	2	1
Transfers out		(17)	(17)	
Transfers in			-	94
Change in net assets	(13)	(36)	(49)	(531)
Total net assets, July 1, 2011	<u>2,137</u>	<u>1,754</u>	<u>3,891</u>	<u>8,134</u>
Total Net Assets, June 30, 2012	<u>\$ 2,124</u>	<u>\$ 1,718</u>	<u>\$ 3,842</u>	<u>\$ 7,603</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, 2012

(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Cash flows from operating activities:				
Cash received from contributions and charges for services	\$ 74	\$ 268	\$ 342	\$ 36,171
Cash paid to employees		(278)	(278)	
Cash paid to vendors	(76)		(76)	
Cash payments for claims paid			-	(36,972)
Net cash used in operating activities	<u>(2)</u>	<u>(10)</u>	<u>(12)</u>	<u>(801)</u>
Cash flows to/from noncapital financing:				
Transfers to/from other funds		(16)	(16)	94
Cash flows from investing activities:				
Interest and dividends received	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
Net decrease in cash and cash equivalents	(1)	(25)	(26)	(706)
Cash and cash equivalents at beginning of year	<u>275</u>	<u>378</u>	<u>653</u>	<u>12,032</u>
Cash and Cash Equivalents at End of Year	<u>\$ 274</u>	<u>\$ 353</u>	<u>\$ 627</u>	<u>\$ 11,326</u>
Reconciliation of operating income (loss) to net cash used in operating activities:				
Operating income (loss)	\$ (14)	\$ (20)	\$ (34)	\$ (626)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation expense	16	21	37	
(Increase) decrease in due from other funds		(7)	(7)	42
(Increase) decrease in accounts receivable		1	1	(341)
Increase (decrease) in accounts payable and accrued liabilities	<u>(4)</u>	<u>(5)</u>	<u>(9)</u>	<u>124</u>
Net Cash Used in Operating Activities	<u>\$ (2)</u>	<u>\$ (10)</u>	<u>\$ (12)</u>	<u>\$ (801)</u>

The accompanying notes are an integral part of the financial statements

## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

(In Thousands)

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ <u>37,575</u>	\$ <u>2,233</u>	\$ <u>1,254</u>
Investments:			
Certificate of deposits			131
Corporate bonds	55,719		
U.S. government obligations	8,351		
Marketable equity securities	166,912		
Asset backed securities	13,191		
Alternative investments	46,819		
Mutual funds	727		
Total investments	<u>291,719</u>	<u>-</u>	<u>131</u>
Due from other funds			8
Receivables	<u>42</u>	<u>          </u>	<u>          </u>
Total assets	<u>329,336</u>	<u>2,233</u>	<u>\$ 1,393</u>
Liabilities:			
Accounts and other payables	108		\$
Due to employees and students	<u>          </u>	<u>          </u>	<u>1,393</u>
Total liabilities	<u>108</u>	<u>          </u>	<u>\$ 1,393</u>
Net Assets:			
Held in Trust for Retirement Benefits	<u>\$ 329,228</u>	<u>\$ 2,233</u>	

The accompanying notes are an integral part of the financial statements



## CITY OF MILFORD, CONNECTICUT

## STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>
Additions:		
Contributions:		
Plan members	\$ 2,119	\$
Employer	342	2,233
Total contributions	<u>2,461</u>	<u>2,233</u>
Miscellaneous	<u>139</u>	
Investment income:		
Net depreciation in fair value of investments	(27,028)	
Interest and dividends	10,646	
Net gain on sale of investments	4,149	
	<u>(12,233)</u>	<u>-</u>
Less investment expense	<u>2,749</u>	
Net investment gain (loss)	<u>(14,982)</u>	<u>-</u>
Total additions (deductions)	<u>(12,382)</u>	<u>2,233</u>
Deductions:		
Benefit payments and withdrawals	19,639	
Administration	1	
Other	222	
Total deductions	<u>19,862</u>	<u>-</u>
Net (increase) decrease	(32,244)	2,233
Net assets held in trust, beginning of year	<u>361,472</u>	<u>-</u>
Net Assets Held in Trust, End of Year	<u>\$ 329,228</u>	<u>\$ 2,233</u>

The accompanying notes are an integral part of the financial statements

## **CITY OF MILFORD, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS**

(In Thousands)

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

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

##### **A. Reporting Entity**

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

#### **D. Deposits and Investments**

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

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

Investments for the City are reported at fair value.

#### **E. Receivables and Payables**

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

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

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

Real estate, motor vehicle, and personal property accounts are no longer collectible 15 years after the due date in accordance with State Statutes. A total of \$928 has been established as an allowance for uncollectible taxes and interest.

#### **F. Inventories and Prepaid Items**

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

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

#### **G. Capital Assets**

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

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

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

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

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

## **H. Compensated Absences**

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

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

## **I. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

## **J. Fund Equity**

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

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

Restricted Net Assets - Net assets are restricted because they are externally imposed 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 Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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. In order to establish, modify or rescind a fund balance commitment, the Mayor must make a recommendation to the Board of Aldermen, who has final authority.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter.

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Prior to February 1, the Mayor and the Board of Education submit proposed budgets for their respective shares of the General Fund to the Board of Finance. Prior to April 1, the Board of Finance submits to the Board of Aldermen the proposed fiscal budget. The Board of Aldermen then holds hearings on the Board of Finance's proposed budget. The Board of Aldermen may reduce or delete any item contained in the Board of Finance's budget by a simple majority. The Board of Aldermen may increase or add to any item in the Board of Finance budget by a two-thirds vote. The Board of Aldermen adopts the budget for the following fiscal year and sets the mill rate. This budget, at the department level, becomes the legal level of control. For management purposes, the Mayor is authorized to transfer budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Allocation transfers of \$1,134 were approved during the fiscal year.

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

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

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

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

## B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2012:

	<u>Amount</u>
Major:	
School Facilities Fund	\$ 4,069
Sanitary Sewer Fund	12,077
Capital Nonrecurring Fund	4,436
Nonmajor Fund:	
School Renovations	18

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

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

### Deposits

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



Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$60,237 of the City's bank balance of \$64,221 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 57,700
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>2,537</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 60,237</u>

### Cash Equivalents

At June 30, 2012, the City's cash equivalents amounted to \$58,548. 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 &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m
Money market funds *	

\*Not rated

### Investments

As of June 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
U.S. Government	Aaa	\$ 8,351	\$	\$ 6,652	\$ 1,699
Asset-backed securities	AA+ to Aaa	681		681	
Asset-backed securities	NR	12,509		1,829	10,680
Corporate bonds	AA+ to A-	18,507	367	18,140	
Corporate bonds	Aaa	1,871			1,871
Corporate bonds	BBB+ to BB-	18,426	340	18,086	
Corporate bonds	BBB to B3	5,634		5,634	
Corporate bonds	BBB to B+	6,879	132	6,747	
Corporate bonds	CAA1 to CCC-	3,327		3,327	
Corporate bonds	NR	1,075		1,075	
Certificates of deposit	*	<u>248</u>	<u>131</u>	<u>117</u>	
Total		77,508	\$ <u>970</u>	\$ <u>62,288</u>	\$ <u>14,250</u>
Other investments:					
Equities		213,600			
Mutual funds		<u>727</u>			
Total Investments		\$ <u>291,835</u>			

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

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

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

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

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2012, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Fund</u>	<u>Milford Golf Course</u>	<u>Nonmajor and Aggregate Remaining Funds</u>
Receivables:				
Taxes	\$ 13,267	\$ 179	\$	\$
Accounts	105	15	23	915
Special assessments	80			
Intergovernmental	2,085			200
Gross receivables	<u>15,537</u>	<u>194</u>	<u>23</u>	<u>1,115</u>
Less allowance for uncollectibles:	<u>(928)</u>			
Net Total Receivables	<u>\$ 14,609</u>	<u>\$ 194</u>	<u>\$ 23</u>	<u>\$ 1,115</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 11,321	\$
Taxes collected in advance		1,211
Assessments not yet due	311	
School building grant	1,340	
Grant drawdowns prior to meeting all eligibility requirements		<u>529</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 12,972</u>	<u>\$ 1,740</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 34,790	\$ 1,798	\$ (55)	\$ 36,533
Construction in progress	117,902	24,379	(2,171)	140,110
Total capital assets not being depreciated	<u>152,692</u>	<u>26,177</u>	<u>(2,226)</u>	<u>176,643</u>
Capital assets being depreciated:				
Buildings and improvements	131,935	1,582		133,517
Improvements other than buildings	2,736			2,736
Machinery and equipment	35,040	2,548	(599)	36,989
Infrastructure	92,806	589		93,395
Total capital assets being depreciated	<u>262,517</u>	<u>4,719</u>	<u>(599)</u>	<u>266,637</u>
Less accumulated depreciation for:				
Buildings and improvements	(55,582)	(1,496)		(57,078)
Improvements other than buildings	(686)	(176)		(862)
Machinery and equipment	(28,416)	(1,284)	534	(29,166)
Infrastructure	(42,440)	(889)		(43,329)
Total accumulated depreciation	<u>(127,124)</u>	<u>(3,845)</u>	<u>534</u>	<u>(130,435)</u>
Total capital assets being depreciated, net	<u>135,393</u>	<u>874</u>	<u>(65)</u>	<u>136,202</u>
Governmental Activities Capital Assets, Net	<u>\$ 288,085</u>	<u>\$ 27,051</u>	<u>\$ (2,291)</u>	<u>\$ 312,845</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,681	\$	\$ (27)	\$ 1,654
Capital assets being depreciated:				
Buildings and system	468			468
Improvements other than buildings	1,231			1,231
Machinery and equipment	667	26		693
Total capital assets being depreciated	<u>2,366</u>	<u>26</u>	<u>-</u>	<u>2,392</u>
Less accumulated depreciation for:				
Buildings and system	(235)	(16)		(251)
Improvements other than buildings	(140)	(6)		(146)
Machinery and equipment	(434)	(15)		(449)
Total accumulated depreciation	<u>(809)</u>	<u>(37)</u>	<u>-</u>	<u>(846)</u>
Total capital assets being depreciated, net	<u>1,557</u>	<u>(11)</u>	<u>-</u>	<u>1,546</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,238</u>	<u>\$ (11)</u>	<u>\$ (27)</u>	<u>\$ 3,200</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	79
Administration		143
Public safety		560
Public service		1,901
Education		847
Health and welfare		259
Grants to agencies		<u>56</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>3,845</u></u>
Business-type activities:		
Milford Golf Course	\$	16
Harbor Management		<u>21</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>37</u></u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. At June 30, 2012, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Nonrecurring Fund	\$ 1,086
General Fund	Nonmajor Governmental	79
General Fund	Harbor Management Fund	1
General Fund	Sanitary Sewer	774
General Fund	Sewer Use	190
General Fund	School Facilities Fund	215
Sewer Use	General Fund	80
Nonmajor Governmental	General Fund	662
Capital Nonrecurring Fund	General Fund	895
Capital Nonrecurring Fund	Sewer Use	429
Agency	Nonmajor Governmental	8
Internal Service Funds	General Fund	151
Internal Service Funds	Sewer Use	50
Internal Service Funds	Nonmajor Governmental	<u>18</u>
Total		\$ <u><u>4,638</u></u>

Interfund transfers:

	<b>Transfers In</b>					<b>Total</b>
	<b>Capital Nonrecurring</b>	<b>Nonmajor Governmental</b>	<b>Sewer Fund</b>	<b>Property Casualty</b>	<b>General Fund</b>	
Transfers out:						
General Fund	\$ 1,726	\$ 1,144	\$	\$ 94	\$	\$ 2,964
Capital Nonrecurring Fund			57		596	653
Harbor Management	17					17
Sewer Use Fund	<u>581</u>					<u>581</u>
Total	<u>\$ 2,324</u>	<u>\$ 1,144</u>	<u>\$ 57</u>	<u>\$ 94</u>	<u>\$ 596</u>	<u>\$ 4,215</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, 2012 amounted to \$96,615 with interest rates ranging from 2.0% to 4.0% on bonds maturing at various dates through the year 2032. Grants receivable to offset future City principal payments totaled \$1,340 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$40,541 at June 30, 2012. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 89,100	\$ 24,095	\$ (16,580)	\$ 96,615	\$ 7,505
Less deferred amounts on refunding	<u>(836)</u>	<u>85</u>	<u>151</u>	<u>(600)</u>	
Total bonds payable	<u>88,264</u>	<u>24,180</u>	<u>(16,429)</u>	<u>96,015</u>	<u>7,505</u>
Long-term note payable	41,476		(1,988)	39,488	2,028
Claims and judgments	4,128	37,096	(37,124)	4,100	
Compensated absences	18,400		(118)	18,282	1,170
Net OPEB obligation	<u>69,694</u>	<u>14,862</u>		<u>84,556</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 221,962</u>	<u>\$ 76,138</u>	<u>\$ (55,659)</u>	<u>\$ 242,441</u>	<u>\$ 10,703</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 7,505	\$ 3,349	\$ 10,854
2014	7,260	3,101	10,361
2015	7,310	2,851	10,161
2016	6,980	2,614	9,594
2017	6,940	2,373	9,313
2018	6,350	2,122	8,472
2019	6,025	1,882	7,907
2020	5,845	1,659	7,504
2021	5,440	1,450	6,890
2022	5,235	1,248	6,483
2023	5,075	1,055	6,130
2024	4,610	885	5,495
2025	4,175	735	4,910
2026	3,915	595	4,510
2027	3,540	461	4,001
2028	3,185	337	3,522
2029	2,855	226	3,081
2030	2,180	119	2,299
2031	1,425	53	1,478
2032	<u>765</u>	<u>14</u>	<u>779</u>
<b>Total</b>	<b>\$ <u>96,615</u></b>	<b>\$ <u>27,129</u></b>	<b>\$ <u>123,744</u></b>

#### **Long-Term Note Payable**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,028	\$ 766	\$ 2,794
2014	2,060	730	2,790
2015	2,102	688	2,790
2016	2,144	644	2,788
2017	2,188	604	2,792
2018-2022	11,622	2,326	13,948
2023-2027	12,545	1,115	13,660
2028-2029	<u>4,799</u>	<u>96</u>	<u>4,895</u>
<b>Total</b>	<b>\$ <u>39,488</u></b>	<b>\$ <u>6,969</u></b>	<b>\$ <u>46,457</u></b>

### **Defeasance of Debt**

On February 15, 2012, the City issued \$8.765 million in General Obligation Refunding Bonds carrying interest rates of 2.0 - 4.0% to advance refund \$1.550 million of outstanding 2001 bonds with interest rates of 4.0-4.75%, \$2.695 million of outstanding 2004 bonds with interest rates of 3.25 - 4.25% and \$4.605 million in outstanding 2005 bonds carrying interest rates of 3.75 - 5%. These advance refundings were undertaken to reduce total debt service payments by \$913 thousand and resulted in a net present value savings of \$894 thousand. The net proceeds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased.

### **Prior Year Defeasance of Debt**

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2012, \$13,515 of bonds outstanding is considered defeased.

### **Bond Anticipation Notes**

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2012.

	<u>Amount</u>
Notes payable, July 1, 2011	\$ 26,230
Notes issued	34,861
Notes retired	<u>(29,275)</u>
Notes Payable, June 30, 2012	<u>\$ 31,816</u>

During the year, the City issued \$3,045 in notes dated November 3, 2011 which matured May 3, 2012. They also issued \$10,145 in notes dated November 3, 2011 and maturing November 2, 2012. Both issues carry an interest rate of 1%. On May 3, 2012, the City issued \$21,672 in notes which mature on November 2, 2012 and carry an interest rate of 3%. These notes serve as temporary financing for various general purpose, school and sewer projects.

### **Other Obligations**

At June 30, 2012, the dollar value of City employees' and Board of Education employees' accumulated vacation and sick time has been valued using the vesting methods outlined in GASB Statement No. 16. These obligations are typically funded by the General Fund.

## **Debt Limitation**

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

<b>Category</b>	<b>Debt Limit</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 352,890	\$ 52,034	\$ 300,856
Schools	705,780	40,771	665,009
Sewers	588,150	92,295	495,855
Urban renewal	509,730		509,730
Pension deficit	470,520		470,520

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,097,880).

The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School indebtedness is net of \$1,340 of State of Connecticut school building grant commitments.

## **8. RISK MANAGEMENT**

The City and the Board of Education are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. For FY2012, 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 an excess coverage policy for up to \$5 million of losses provided by Genesis. The General Liability, Police Professional Liability and Auto Liability have additional coverage of \$10 million provided by Crum and Foster. There is still one claim open from this period.



The claims liability reported in the Internal Service Fund at June 30, 2012 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded.

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/11	\$ 934	\$ 1,782	\$ 2,244	\$ 472
06/30/12	472	1,531	1,693	310

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

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

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

Changes in the claims liability for the years ended June 30, 2012 and 2011, were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/11	\$ 2,045	\$ 1,932	\$ 1,944	\$ 2,033
06/30/12	2,033	876	894	2,015

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, 2012, the annual limit on individual medical claims chargeable to the Fund is \$100,000. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes General Fund contributions to the Health Insurance Fund based on budgeted amounts, which in conjunction with estimated Grant contributions, total the year's estimated expected losses. Employee and applicable retirees under age 65 also make contributions to the fund through premium cost share.

Changes in the claims liability for the years ended June 30, 2012 and 2011, were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/11	\$ 2,119	\$ 31,342	\$ 31,838	\$ 1,623
06/30/12	1,623	34,689	34,537	1,775

## 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### A. Plan Descriptions

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

The City of Milford Retirement System provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years for General City members (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers); there is no vesting for Police and Fire members. Except for Police and Fire, members who retire after age 60 with 10 years of service (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers) or the age at which the sum of age and service equal 80 (79 for non-represented members and Board of Education Contract Secretaries) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% or 2-1/4% of their final average salary for each year of credited service. Police and Fire members who retire after 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 45% times average annual pay plus 2% times average annual pay times credited service over 20 years. Supplemental benefits for Police members who were hired prior to April 6, 1989 and Fire members are based on 1/2 of salary increases given to members in the grade that the member was in at the time of retirement.

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

Membership in the plan consisted of the following at July 1, 2011:

	<b>City of Milford Retirement System</b>
Retirees and beneficiaries receiving benefits	710
Terminated employees entitled to benefits but not yet receiving them	14
Active plan members	725
Total	<u>1,449</u>

### B. Summary of Significant Accounting Policies and Plan Asset Matters

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

## C. Funding Status and Progress

### City of Milford Retirement System

General City members are required to contribute 2.25% of annual compensation up to \$4,200 plus 5% of compensation in excess of \$4,200 (4% of compensation in excess of \$4,200 for MEA and MSA members and non-represented members with 15 or more years of service); Fire employees are required to contribute 6% of annual compensation; if they have less than 15 years of service, 5% for years between 15 and 24, and 4% thereafter; Police employees are required to contribute 5.5% of annual compensation if they have less than 10 years of service, 5% for years between 10 and 14, and 4.5% thereafter. The contributions by employees are determined by collective bargaining. The City is required by ordinance to contribute the remaining amounts necessary to provide benefits for the members.

### D. Annual Pension Cost and Net Pension Obligations

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

	<b>City of Milford Retirement System</b>
Annual required contribution	\$ 342
Interest on net pension obligation	(2)
Adjustment to annual required contribution	3
Annual pension cost	343
Contribution made	342
Decrease in net pension asset	1
Net pension asset, July 1, 2011	(24)
Net Pension Asset, June 30, 2012	\$ (23)

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

	<b>City of Milford Retirement System</b>
Actuarial valuation date	July 1, 2011
Actuarial cost method	Aggregate
Amortization method	30 years, level dollar
Remaining amortization period	Not Applicable
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (including inflation rate of 3.5%)	8.25%/annum
Projected salary increases	3.0%/annum
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1989 - 3%/annum

## E. Trend Information

City of Milford Retirement System			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2010	\$ 1	-	\$ (25)
2011	1	-	(24)
2012	343	99.7	(23)

## F. Pension Plan Required Supplementary Information

### Schedule of Funding Progress\*

		City				
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/09	\$ 383,936	\$ 302,642	\$ (81,294)	126.9	\$ 40,550	(200.5)%
7/1/10	375,679	307,980	(67,699)	122.0	40,622	(166.7)
7/1/11	372,126	307,306	(64,820)	121.1	41,597	(155.8)

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

### Schedule of Employer Contributions

City of Milford Retirement System		
Fiscal Year Ended	Annual Required Contribution	Percentage of ARC Contributed
6/30/07	\$ 1,213	82.4%
6/30/08	1,129	120.5
6/30/09	-	100.0
6/30/10	-	100.0
6/30/11	-	100.0
6/30/12	342	100.0

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

### State of Connecticut Police and Fire Survivors' Plan

The City makes monthly contributions to the State Survivors' Plan based upon an amount invoiced by the State. The State Survivors' Plan makes monthly payments to the surviving spouses of police and fire retirees. The City has no information concerning payments made by or the funding status of this plan. City contributions for the year ended June 30, 2012 were \$176.

## Connecticut State Teachers' Retirement System

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

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The City does not have any liability for Teacher Pensions. The amount contributed by the State on behalf of the City of Milford's Board of Education was \$9,932. This amount has been recorded in the General Fund as intergovernmental revenue and education expenditures.

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

## 10. OTHER POSTEMPLOYMENT BENEFITS

### A. Plan Description and Benefits Provided

#### City

In addition to the pension benefits, all City employees retiring under the City of Milford Retirement Plan are provided post-employment benefits. Individual stand-alone statements are not issued. During the year, the City established the OPEB Trust Fund and made contributions to the fund. This trust fund was opened for the purpose of segregating balances for post employment benefits. The activity for the current year is reflected in the internal service funds, but will be shown in the OPEB Trust Fund in future years. The level of these benefits is determined by contract for all union employees and by a City of Milford ordinance for all non-represented employees. Per contracts and ordinances, the City will pay a portion of the cost of these benefits. Effective July 1, 2012, most retirees will contribute toward the cost of benefits via cost share. 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 coverage's provided to both the retired employee and eligible dependents; 2) for retired employees and their eligible dependents, the City must provide Blue Cross/Blue Shield 65 coverage and also reimburse the Medicare Part B premium for each eligible retiree and retiree spouse eligible for Medicare; 3) the City also provides life insurance coverage based on union contracts. Health care costs are as follows:

Pre-65:	
General City	\$9,381 per year
Fire	\$9,165 per year
Police	\$9,165 per year
Post-65:	
BC 65 Low Option	\$1,545 per year
Plan 82	\$2,436 per year
Medicare Part B:	
Actives	\$1,457 per year
Retirees	\$1,326 per year

## Board of Education

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

Teachers: Prior to age 65 pay full premium minus the Teachers' Retirement Board subsidy. Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy.

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

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

Secretaries: No cost to retiree or spouse if retiree is at least 60 with 10 years of service at retirement or age plus service equals 79.

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

Administrators: If retire before age 65, must be receiving retirement allowance from the Teachers' Retirement Board to qualify for benefits. No cost to retiree or spouse if the percentage of premium that the employee pays prior to retirement is less than the Teachers' Retirement Board subsidy. If cost is greater than the subsidy, retiree pays the difference. If subsidy is eliminated, retiree pays percentage of cost in effect at time of retirement. At age 65, no cost to retiree or spouse.

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

### Pre-65 (for current active members who retire):

Board of Ed-Café	\$9,614 per year
Board of Ed-Cust	\$9,614 per year
Board of Ed-Sec	\$9,614 per year
Board of Ed-Para	\$9,614 per year
Administrators	\$10,391 per year
Teachers	\$9,266 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):

Plan 82 only	\$ 922 per year
Hi Option with Plan 82 and Major Medical (\$50,000)	\$4,463 per year
Hi Option with Plan 82 and Major Medical (\$250,000)	\$4,578 per year
Hi Option with Plan 82 and No Rx	\$2,162 per year
Plan F with Rx	\$4,839 per year
Medicare Part B:	
Actives	\$1,326 per year
Retirees	\$1,157 per year

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

Based on plan selected

## B. Membership

Membership in the plan consisted of the following at July 1, 2010:

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Benefit Plan</b>
Number of retirees and eligible surviving spouses	687	710
Number of active participants	1,071	540
Total	1,758	1,250

## C. Description of Actuarial Assumptions and Methods

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

	<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Plan</b>
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level dollar	Level dollar
Remaining amortization period	27 years - closed	28 years - closed
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

Medical Trend rates - Board of Education and City retirees:

10% in 2010, reducing by 1.0% each year to a final 5% per year rate for 2015 and later for pre-age 65 plans.  
8% in 2010, reducing by 1.0% each year to a final 5% per year rate for 2013 and later for post-age 65 plans  
(changed from 9% in 2008, grading to 5% for 2012 and later).

Retirement Assumptions:

### City

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

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

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

## Board of Education

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

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

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

### D. Annual OPEB Cost and Net OPEB Obligations

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

		<b>Board of Education Retiree Medical Benefit Plan</b>	<b>City of Milford Retiree Medical Benefit Plan</b>
Annual required contribution	\$	13,698	\$ 14,081
Interest on net OPEB obligation		1,723	1,762
Adjustment to annual required contribution		(2,134)	(2,184)
Annual OPEB cost		13,287	13,659
Contribution made		3,972	8,112
Increase in net OPEB obligation		9,315	5,547
Net OPEB obligation, July 1, 2011		34,443	35,251
Net OPEB Obligation, June 30, 2012	\$	<u>3,972</u>	\$ <u>8,112</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2012 is presented below.

	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
<b>Board of Education</b>				
6/30/10	\$ 12,225	\$ 2,761	22.6%	\$ 25,338
6/30/11	12,732	3,627	28.0%	34,443
6/30/12	13,287	3,972	29.9%	43,758
<b>Town</b>				
6/30/10	\$ 13,867	\$ 4,975	35.9%	\$ 25,865
6/30/11	14,464	5,077	35.0%	35,251
6/30/12	13,659	8,112	59.4%	40,798



## Schedule of Employer Contributions

City		
<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
6/30/08	\$ 12,433	\$ 31.0%
6/30/09	13,055	34.9
6/30/10	14,070	35.4
6/30/11	14,773	34.4
6/30/12	14,081	57.6

Board of Education		
<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
6/30/08	\$ 11,042	29.2%
6/30/09	11,594	29.7
6/30/10	12,414	22.2
6/30/11	13,035	27.8
6/30/12	13,698	29.0

## Schedule of Funding Progress

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

### City

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll ((b-a)/c)</b>
7/1/06	\$ -	\$ 114,337	\$ 114,337	-	\$ 31,600	361.8%
7/1/08	-	128,764	128,764	-	32,683	394.0%
7/1/10	-	133,711	133,711	-	32,996	405.0%

### Board of Education

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll ((b-a)/c)</b>
7/1/06	\$ -	\$ 107,159	\$ 107,159	-	\$ 60,440	177.3%
7/1/08	-	117,053	117,053	-	55,591	210.6%
7/1/10	-	131,639	131,639	-	62,165	212.0%

## 11. FUND BALANCE

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$ 21	\$	\$	\$	\$	\$ 26	\$ 47
Prepays			51				51
Restricted for:							
Grants						3,364	3,364
Committed to:							
Capital projects		238	4,323	4,749	2,120		11,430
General government	1,212					973	2,185
Education						1,557	1,557
Debt Service						4,337	4,337
Assigned to:							
General government	577						577
Public safety	153						153
Public services	114	3,563					3,677
Health and welfare	37						37
Education	3,317					239	3,556
Unassigned	15,638		(8,810)	(16,826)	(6,189)	(71)	(16,258)
Total Fund Balances	<u>\$ 21,069</u>	<u>\$ 3,801</u>	<u>\$ (4,436)</u>	<u>\$ (12,077)</u>	<u>\$ (4,069)</u>	<u>\$ 10,425</u>	<u>\$ 14,713</u>

Significant encumbrances at June 30, 2012 are contained in the above table in both the assigned and committed categories of the General Fund.

## 12. CONTINGENT LIABILITIES (Amounts not Rounded)

On June 30, 2005, the City and Milford Power Company, LLC (the "MPC") entered into a Property Tax Payment Agreement. The MPC withdrew its assessment appeals for Grand Lists of 2001, 2002, 2003, and 2004. The assessment had been \$183,073,530 generating over \$5,000,000 in taxes. (The assessment and the taxes would have significantly decreased in future years due to depreciation of the personal property.) In return, the City accepted scheduled payments in lieu of taxes for the fiscal years of 2006 through 2015. Payments will be made in July and January of each fiscal year. The payment schedule was \$1,687,500 for each six month period from July 2005 through January 2009. Payments were \$1,875,000 for each six month period from July 2009 through January 2011 and will be \$1,750,000 for each six month period from July 2011 through January 2015. The MPC made the July 2011 and January 2012 payments and is up to date with all their payments.

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

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

On May 15, 2009, the City settled a tax appeal with Connecticut Post Mall Limited Partnership. Under this settlement, the City lowered its real property assessment from \$133,273,859 for the 2008 Grand List to \$118,061,678. Additionally, the City adjusted its 2006 assessment to \$110,748,904 and its 2007 assessment to \$118,061,678. This resulted in a total credit due the Partnership of \$1,248,516. By terms of the court approved settlement, this credit has been given to the mall equally over three fiscal years in the form of a credit tax bill which began in July 2009.

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

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

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

## **Required Supplementary Information**

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
General Property Taxes and Assessments:				
Current taxes	\$ 151,191	\$ 151,191	\$ 153,249	\$ 2,058
Personal property audit	600	600	263	(337)
Prior year's levies	1,800	1,800	1,625	(175)
Flood and erosion assessments	79	79	62	(17)
Suspense collections	15	15	14	(1)
Total general property taxes and assessments	<u>153,685</u>	<u>153,685</u>	<u>155,213</u>	<u>1,528</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,200</u>	<u>1,200</u>	<u>1,487</u>	<u>287</u>
Federal, State and Local Governments:				
Other State grants	250	250	425	175
School transportation aid - State	297	297	340	43
Education cost sharing	10,729	10,729	10,731	2
State realty in lieu of tax	459	459	460	1
Pequot State Aid	392	392	402	10
Elderly tax freeze	10	10	5	(5)
Elderly tax credit	440	440	475	35
Total disability exemptions			7	7
PILOT - private exemptions	370	370	370	-
Veteran grants	173	173	194	21
School debt - interest	65	65	45	(20)
School debt - principal	481	481	508	27
Telephone access grant	145	145	126	(19)
Property tax relief	467	467	458	(9)
Municipal Video Corporate Trust Acct			149	149
Shellfish Taxes	3	3		(3)
State aid for health	74	74	107	33
OTB Wagering Share	60	60	84	24
Manufacture machinery, and equipment	1,111	1,111	1,067	(44)
Total federal, state and local government	<u>15,526</u>	<u>15,526</u>	<u>15,953</u>	<u>427</u>
Investment Income:				
Investments in idle funds	70	70	14	(56)
Rental of other property	48	48	48	-
Total investment income	<u>118</u>	<u>118</u>	<u>62</u>	<u>(56)</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, 2012**

**(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Other Revenue:				
Rental of school property	\$ 8	\$ 8	\$ 13	\$ 5
Tuition from others	6	6	18	12
PILOT - Water Authority	444	444	436	(8)
Power Plant Settlement	3,175	3,175	3,175	-
Genconn PT	3,000	3,000	3,000	-
Miscellaneous other revenues	4	4	253	249
Inland wetland fees	6	6	4	(2)
Total other revenue	<u>6,643</u>	<u>6,643</u>	<u>6,899</u>	<u>256</u>
Licenses, Permits and Other Charges:				
Devices and amusements	20	20	27	7
Vending permits	8	8	9	1
Disposal area licenses	50	50	51	1
Fees and fines	27	27	23	(4)
Copying fees	4	4	4	-
Recording documents	400	400	401	1
Conveyance tax	620	620	468	(152)
General copying fees	60	60	64	4
Fire Department fees	1	1	1	-
Building inspection fees	575	575	620	45
Police fines and forfeits	35	35	56	21
False alarm fees	37	37	23	(14)
Fire Department false alarm fines			1	1
Street opening permits	6	6	6	-
Engineering fees	6	6	5	(1)
Residential waste fees	40	40	52	12
Health inspection fees	71	71	73	2
Planning and zoning fees	35	35	32	(3)
Zoning appeals fees	10	10	11	1
Recreation fees	40	40	60	20
Walnut Beach parking	13	13	10	(3)
Parking fines judicial	2	2	1	(1)
Vehicle violations judicial	16	16	19	3
Mobile fee			8	8
Sewer assessments	8	8	11	3
Animal shelter redemption	5	5	8	3
Dog Fund - City share	11	11	9	(2)

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2012**

**(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Licenses, Permits and Other Charges (continued):				
Sale of Other Property	\$	\$	\$ 17	\$ 17
Recycling revenues	40	40	35	(5)
PILOT - Federal payments	2	2	2	-
Sticker fees	2	2	3	1
Bingo permits share	1	1	1	-
Total licenses, permits and other charges	<u>2,145</u>	<u>2,145</u>	<u>2,111</u>	<u>(34)</u>
Total revenues	<u>179,317</u>	<u>179,317</u>	<u>181,725</u>	<u>2,408</u>
Other financing sources:				
Transfer in		596	596	-
Sale of capital assets	<u>225</u>	<u>225</u>	<u>11</u>	<u>(214)</u>
Total other financing sources	<u>225</u>	<u>821</u>	<u>607</u>	<u>(214)</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>179,542</u>	\$ <u>180,138</u>	182,332	\$ <u>2,194</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			9,932	
Special education excess cost grant is reported gross for GAAP			1,045	
Premium on refunding bonds			692	
Proceeds from sale of refunding bonds			8,765	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			<u>(103)</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>202,663</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, 2012

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
General Government:				
Board of Aldermen	\$ 7	\$ 7	\$ 5	\$ 2
Elections	70	86	86	-
Registrar of Voters	135	135	134	1
Milford Govt Access Television	16	16	15	1
Mayor's Office	251	251	251	-
General expenses	544	533	526	7
Community Development Department	106	107	107	-
City Clerk	340	347	342	5
Law Department	509	515	512	3
Ethics Commission	1	1		1
Probate Court	14	14	13	1
Board of Finance	1	1	1	-
Planning and Zoning Board	961	962	938	24
Board of Tax Review	19	19	6	13
Board of Zoning Appeals	14	14	13	1
Pension Board	4	4	4	-
Tree Commission	1	1	1	-
Park and Recreation Commission	1	1	1	-
Conservation Commission	1	1	1	-
Flower memorial commission	4	4	4	-
Housing Code Board of Appeals	1	1		1
Housatonic River Est Commission	1	1	1	-
Public library	1,022	1,032	1,022	10
Total general government	<u>4,023</u>	<u>4,053</u>	<u>3,983</u>	<u>70</u>
Administration:				
Finance Department	1,575	1,543	1,509	34
Data Processing Department	663	671	671	-
Personnel Department	268	273	266	7
Total administration	<u>2,506</u>	<u>2,487</u>	<u>2,446</u>	<u>41</u>
Public Safety:				
Police Department	10,436	10,451	10,178	273
Fire Department	10,667	10,545	10,517	28
Civil Preparedness	90	90	89	1
Animal Control	361	364	361	3
Lighting hydrant water	1,615	1,727	1,725	2
Total public safety	<u>23,169</u>	<u>23,177</u>	<u>22,870</u>	<u>307</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, 2012**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
Public Services:				
Public Works Office	\$ 209	\$ 239	\$ 237	\$ 2
Highway-parks division	2,444	2,294	2,269	25
Building maintenance division	2,867	2,822	2,790	32
Engineering division	364	369	366	3
General garage division	1,214	1,222	1,188	34
Solid waste operations	4,510	4,619	4,553	66
Total public services	<u>11,608</u>	<u>11,565</u>	<u>11,403</u>	<u>162</u>
Board of Education:				
Private School textbooks	20	20	9	11
Educational audit fees	22	22	22	-
Employee benefits	1,088	1,088	986	102
Educational operations	85,460	85,010	85,010	-
Educational Contribution Health Insurance Fund	17,234	17,234	17,234	-
Educational School Nurses	1,255	1,259	1,247	12
Total board of education	<u>105,079</u>	<u>104,633</u>	<u>104,508</u>	<u>125</u>
Health and Welfare:				
Health Department	899	914	908	6
Recreation Department	776	779	736	43
Total health and welfare	<u>1,675</u>	<u>1,693</u>	<u>1,644</u>	<u>49</u>
General Charges:				
Employee benefits - general	17,223	16,839	16,827	12
Insurance and bonds	1,796	1,702	1,702	-
Claims and refunds	510	494	484	10
Benefits and salary reserve	590	407	400	7
Unallocated contingency	25	5		5
Total general charges	<u>20,144</u>	<u>19,447</u>	<u>19,413</u>	<u>34</u>
Grants to Agencies:				
Milford Council on Aging	1,346	1,345	1,341	4
Milford Fine Arts Council	68	68	68	-
CMED	97	97	97	-
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	220	220	220	-
Milford Transit District	345	345	345	-
Milford Mental Health	350	350	350	-
Veterans' Graves	3	3	3	-
U.S. Coast Guard Auxiliary	7	7	7	-

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2012**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
Grants to Agencies (continued):				
Milford Historical District Commission	\$ 1	\$ 1	\$ 1	\$ -
Milford Progress Inc	10	10	10	-
Milford Historic #2	1	1	1	-
Visiting Nurses Association	41	41	41	-
Cemetery Association	9	9	9	-
Boys and Girls Club	60	60	60	-
Homeless Shelter/CPAC	70	70	70	-
Total grants to agencies	<u>2,631</u>	<u>2,630</u>	<u>2,626</u>	<u>4</u>
Debt Service:				
Public Debt Service	7,959	7,754	7,754	-
School Debt	<u>4,276</u>	<u>4,276</u>	<u>4,134</u>	<u>142</u>
Total debt service	<u>12,235</u>	<u>12,030</u>	<u>11,888</u>	<u>142</u>
Other Financing Uses:				
Transfers out	<u>475</u>	<u>2,964</u>	<u>2,964</u>	<u>-</u>
Total	<u>\$ 183,545</u>	<u>\$ 184,679</u>	<u>183,745</u>	<u>\$ 934</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	9,932
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	(3,378)
Prior year encumbrances reported in the current year for financial reporting purposes	2,239
Special education excess cost grant is recorded gross for GAAP	1,045
Payment to refunded bond escrow agent	9,332
Issuance costs on bond refunding	125
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	172
Nonbudgeted post-employment benefit fund transferred to post-employment benefit trust	1,733
Nonbudgetary items and eliminations related to the Compensated Absences Fund	<u>172</u>

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

\$ 205,117

## **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, 2012 AND 2011

(In Thousands)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,881	\$ 35,649
Investments	116	116
Property taxes receivable, net	7,638	8,244
Property taxes interest receivable, net	4,701	4,493
Assessments receivable	80	325
Accounts receivable	105	42
Due from other governments	2,085	1,860
Due from other funds	2,344	1,895
Prepaid item	21	438
	<u>48,971</u>	<u>53,062</u>
Total Assets	\$ <u>48,971</u>	\$ <u>53,062</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 9,461	\$ 10,372
Due to other funds	1,788	485
Due to other governments	430	421
Deferred revenue	14,482	16,508
Other liabilities	1,741	1,753
Total liabilities	<u>27,902</u>	<u>29,539</u>
Fund balance:		
Nonspendable	21	438
Committed	1,212	2,699
Assigned for encumbrances	4,177	3,524
Assigned for other purposes	21	21
Assigned for subsequent year's budget		4,000
Unassigned	15,638	12,841
Total fund balance	<u>21,069</u>	<u>23,523</u>
Total Liabilities and Fund Balance	\$ <u>48,971</u>	\$ <u>53,062</u>

## CITY OF MILFORD, CONNECTICUT

## GENERAL FUND

## REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

Grand List	Uncollected Taxes July 01, 2011	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2012
			Additions	Deductions			Tax	Interest Liens	Total	
2010	\$	\$ 156,123 *	\$ 109	\$ (324)	\$ (20)	\$ 155,888	\$ 153,158	\$ 472	\$ 153,630	\$ 2,730
2009	2,764		130	(76)	(37)	2,781	1,286	326	1,612	1,495
2008	1,425		64	(96)	(50)	1,343	472	178	650	871
2007	1,544		58	(907)	(53)	642	40	125	165	602
2006	831		21	(208)	(56)	588	138	93	231	450
2005	467				(46)	421	73	67	140	348
2004	336				(16)	320	49	55	104	271
2003	279				(10)	269	39	50	89	230
2002	234				(6)	228	35	53	88	193
2001	225				(5)	220	35	47	82	185
2000	172				(4)	168		1	1	168
1999	183				(3)	180				180
1998	162				(8)	154		1	1	154
1997	155				(1)	154	1	27	28	153
1996	85			(2)		83				83
1995	44					44				44
Total	\$ 8,906	\$ 156,123	\$ 382	\$ (1,613)	\$ (315)	\$ 163,483	155,326	1,495	156,821	\$ 8,157
Suspense collections							14			
Total collections							155,340	\$ 1,495	\$ 156,821	
Property taxes receivable considered available:										
June 30, 2011							(675)			
June 30, 2012							486			
Total Property Tax Revenue							\$ 155,151			

\*Includes motor vehicle supplement in the amount of \$1,319.

## CITY OF MILFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

(In Thousands)

	<b>Final Appropriations</b>	<b>Expenditures and Encumbrances</b>	<b>Unexpended Balance</b>
Certified administrative salaries	\$ 3,509	\$ 3,509	\$ -
Certified teachers salaries	43,120	43,120	-
Homebound tutor	183	183	-
Administrative substitute	145	145	-
Summer school	227	227	-
Substitutes - certified salaries	964	964	-
Curriculum work	205	205	-
Coaches/advisors	525	525	-
Non-certified supervisor salaries	658	658	-
Non-certified staff salaries	1,908	1,908	-
Custodian/maintenance	3,437	3,437	-
Teacher aides hourly	197	197	-
Library aides	250	250	-
Paraprofessionals	3,458	3,458	-
General aide salaries	155	155	-
Overtime salaries	332	332	-
Non-certified clerical	175	175	-
Non-certified professional	931	931	-
Retirements	836	836	-
Life insurance	486	486	-
Worker's compensation insurance	631	631	-
Social security	635	635	-
Unemployment compensation	165	165	-
Blue Cross/Blue Shield	2,263	2,263	-
Para pension	163	163	-
Education reimbursement	56	56	-
Adult education services	40	40	-
Substitute teaching services	172	172	-
Marine science education	20	20	-
Mental health services	26	26	-
Professional evaluation	61	61	-
Psychotherapy services	43	43	-
Other pupil personnel services	169	169	-
Special education work study	11	11	-
Consultation services	170	170	-
Audit services	3	3	-
Negotiation services	210	210	-
Arch/Eng services	30	30	-

(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, 2012  
(In Thousands)**

	<b>Final Appropriations</b>	<b>Expenditures and Encumbrances</b>	<b>Unexpended Balance</b>
Security services	\$ 135	\$ 135	\$ -
Contracted services	594	594	-
Management information systems	244	244	-
Electricity	919	919	-
Heat energy - gas	678	678	-
Water/sewage	87	87	-
Fuel oil	40	40	-
Energy conservation services	253	253	-
Contracted maintenance	342	342	-
Repairs to grounds	87	87	-
Repairs to buildings	166	166	-
Repairs to equipment	270	270	-
Preventative maintenance	112	112	-
Building projects	786	786	-
Grounds projects	869	869	-
Gasoline maintenance	50	50	-
Maintenance supplies	277	277	-
Custodial supplies	121	121	-
Transportation regular	2,081	2,081	-
Transportation special education	726	726	-
Transportation special education - public	184	184	-
Transportation special education - private	313	313	-
Transportation - athletics	153	153	-
Transportation - TAG/ECA/AQUA	105	105	-
Transportation - field trips	34	34	-
Gasoline - buses	284	284	-
Transportation - non-public	284	284	-
Transportation - special education aide	106	106	-
Transportation - supplies	1	1	-
Van driver	59	59	-
Property liability insurance	533	533	-
Athletic insurance	28	28	-
Uninsured coverage	43	43	-
Postage	66	66	-
Telephone	312	312	-
Advertising	4	4	-
Printing expense	27	27	-

(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, 2012  
(In Thousands)**

	<b>Final Appropriations</b>	<b>Expenditures and Encumbrances</b>	<b>Unexpended Balance</b>
Tuition - public	\$ 938	\$ 938	\$ -
Tuition - non-public	1,674	1,674	-
Tuition - ECA program	117	117	-
Tuition - AQUA	70	70	-
Tuition - Vo-Ag	176	176	-
Tuition - gifted students	23	23	-
Travel mileage	55	55	-
Non-instructional supplies	129	129	-
Instructional supplies	853	853	-
Health and medical	25	25	-
Graduation expense	15	15	-
Textbooks	63	63	-
Text adoptions	364	364	-
Library books	123	123	-
Periodicals	38	38	-
Testing expense	77	77	-
A/V materials	13	13	-
Other educational supplies	11	11	-
Computer software	462	462	-
Equipment	565	565	-
Furniture and fixtures	89	89	-
Computers	404	404	-
Lease/purchase	13	13	-
Capital equipment	58	58	-
Dues and fees	60	60	-
Professional development	335	335	-
Student activities	102	102	-
Student athletics	23	23	-
Athletics - equipment repair	6	6	-
Athletics - supplies	64	64	-
Athletics - equipment	50	50	-
Athletics - game operations	30	30	-
Athletics - uniforms	22	22	-
Miscellaneous - sports	9	9	-
Parent activities	3	3	-
Total	<u>\$ 85,028</u>	<u>\$ 85,028</u>	<u>\$ -</u>

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

### Debt Service

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

### Capital Project Fund

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

**CITY OF MILFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2012**  
**(In Thousands)**

	Special Revenue Funds					
	<u>Park and Playground</u>	<u>Human Resource Development</u>	<u>Special Grants and Revenues</u>	<u>Community Development</u>	<u>Open Space</u>	<u>Tuition</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2	\$ 458	\$ 3,576	\$ 16	\$ 234	\$ 595
Accounts receivable			156			
Due from other governments			71			
Due from other funds			457	2		
Inventory						
Total Assets	<u>\$ 2</u>	<u>\$ 458</u>	<u>\$ 4,260</u>	<u>\$ 18</u>	<u>\$ 234</u>	<u>\$ 595</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$ 7	\$ 850	\$ 8	\$	\$
Due to other funds		12	94			
Deferred revenue			8			
Bond anticipation notes payable						
Total liabilities	<u>-</u>	<u>19</u>	<u>952</u>	<u>8</u>	<u>-</u>	<u>-</u>
Fund balance:						
Nonspendable						
Restricted			3,154			
Committed	2	439		63	234	595
Assigned			154			
Unassigned				(53)		
Total fund balance	<u>2</u>	<u>439</u>	<u>3,308</u>	<u>10</u>	<u>234</u>	<u>595</u>
Total Liabilities and Fund Balance	<u>\$ 2</u>	<u>\$ 458</u>	<u>\$ 4,260</u>	<u>\$ 18</u>	<u>\$ 234</u>	<u>\$ 595</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

## COMBINING BALANCE SHEET (CONTINUED)

## NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

(In Thousands)

	Special Revenue Funds					
	Grants and Donations - Board of Education	Special Education Grants	Cafeteria	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief
<b>ASSETS</b>						
Cash and cash equivalents	\$ 210	\$ 550	\$ 740	\$ 17	\$ 102	\$ 96
Accounts receivable		59				
Due from other governments			129			
Due from other funds						
Inventory			26			
Total Assets	<u>\$ 210</u>	<u>\$ 609</u>	<u>\$ 895</u>	<u>\$ 17</u>	<u>\$ 102</u>	<u>\$ 96</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$	\$ 432	\$ 16	\$	\$	\$
Due to other funds						
Deferred revenue						
Bond anticipation notes payable						
Total liabilities	<u>-</u>	<u>432</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Nonspendable			26			
Restricted	210					
Committed		177	768	17	102	96
Assigned			85			
Unassigned						
Total fund balance	<u>210</u>	<u>177</u>	<u>879</u>	<u>17</u>	<u>102</u>	<u>96</u>
Total Liabilities and Fund Balance	<u>\$ 210</u>	<u>\$ 609</u>	<u>\$ 895</u>	<u>\$ 17</u>	<u>\$ 102</u>	<u>\$ 96</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2012  
(In Thousands)

	Special Revenue Funds		Capital Project Fund		Total Nonmajor Governmental Funds
	Barth Conservation	Total	Debt Service	School Renovations	Interfund Eliminations
<b>ASSETS</b>					
Cash and cash equivalents	\$ 37	\$ 6,633	\$ 4,131	\$ 8	\$ 10,772
Accounts receivable		215			215
Due from other governments		200			200
Due from other funds		459	206		663
Inventory		26			26
Total Assets	<u>\$ 37</u>	<u>\$ 7,533</u>	<u>\$ 4,337</u>	<u>\$ 8</u>	<u>\$ (2)</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$	\$ 1,313	\$	\$ 1	\$ 1,313
Due to other funds		106			105
Deferred revenue		8			8
Bond anticipation notes payable		-		25	25
Total liabilities	<u>-</u>	<u>1,427</u>	<u>-</u>	<u>26</u>	<u>(2)</u>
Fund balance:					
Nonspendable		26			26
Restricted		3,364			3,364
Committed	37	2,530	4,337		6,867
Assigned		239			239
Unassigned		(53)		(18)	(71)
Total fund balance	<u>37</u>	<u>6,106</u>	<u>4,337</u>	<u>(18)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 37</u>	<u>\$ 7,533</u>	<u>\$ 4,337</u>	<u>\$ 8</u>	<u>\$ (2)</u>

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

**FOR THE YEAR ENDED JUNE 30, 2012**  
(In Thousands)

63

	Special Revenue Funds					
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition
Revenues:						
Intergovernmental	\$	\$ 610	\$ 2,553	\$ 522	\$	\$ 866
Charges for services		9	1,820	51	89	
Investment income						1
Other revenues		15	851			
Total revenues	<u>-</u>	<u>634</u>	<u>5,224</u>	<u>573</u>	<u>89</u>	<u>867</u>
Expenditures:						
Current:						
General Government			1,219	617		
Public safety			1,725			
Public services			360			
Education			627			626
Health and welfare		1,080	1,194			
Total expenditures	<u>-</u>	<u>1,080</u>	<u>5,125</u>	<u>617</u>	<u>-</u>	<u>626</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(446)</u>	<u>99</u>	<u>(44)</u>	<u>89</u>	<u>241</u>
Other financing sources:						
Transfers in		475	464			
Total other financing sources	<u>-</u>	<u>475</u>	<u>464</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	29	563	(44)	89	241
Fund Balance at Beginning of Year	<u>2</u>	<u>410</u>	<u>2,745</u>	<u>54</u>	<u>145</u>	<u>354</u>
Fund Balance at End of Year	\$ <u>2</u>	\$ <u>439</u>	\$ <u>3,308</u>	\$ <u>10</u>	\$ <u>234</u>	\$ <u>595</u>

(Continued on next page)



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

**FOR THE YEAR ENDED JUNE 30, 2012**  
(In Thousands)

66

	Special Revenue Funds					
	Grants and Donations - Board of Education	Special Education Grants	Cafeteria	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief
Revenues:						
Intergovernmental	\$	\$ 3,404	\$ 909	\$	\$	\$
Charges for services			1,808			
Investment income						1
Other revenues	123			2		1
Total revenues	123	3,404	2,717	2	-	2
Expenditures:						
Current:						
General Government						
Public safety						
Public services						
Education	103	3,227	2,828	2		
Health and welfare						
Total expenditures	103	3,227	2,828	2	-	-
Excess (deficiency) of revenues over expenditures	20	177	(111)	-	-	2
Other financing sources:						
Transfers in						
Total other financing sources	-	-	-	-	-	-
Net change in fund balances	20	177	(111)	-	-	2
Fund Balance at Beginning of Year	190	-	990	17	102	94
Fund Balance at End of Year	\$ 210	\$ 177	\$ 879	\$ 17	\$ 102	\$ 96

(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, 2012  
(In Thousands)**

	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Barth Conservation</u>	<u>Total</u>	<u>Debt Service</u>	<u>School Renovations</u>	<u>Interfund Eliminations</u>	
Revenues:						
Intergovernmental	\$	\$ 8,864	\$ 136	\$	\$	\$ 9,000
Charges for services		3,777				3,777
Investment income		2				2
Other revenues		992	48			1,040
Total revenues	<u>-</u>	<u>13,635</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>13,819</u>
Expenditures:						
Current:						
General Government		1,836				1,836
Public safety		1,725				1,725
Public services		360	318			678
Education		7,413		26		7,439
Health and welfare		2,274				2,274
Total expenditures	<u>-</u>	<u>13,608</u>	<u>318</u>	<u>26</u>	<u>-</u>	<u>13,952</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>27</u>	<u>(134)</u>	<u>(26)</u>	<u>-</u>	<u>(133)</u>
Other financing sources:						
Transfers in		939	205			1,144
Total other financing sources	<u>-</u>	<u>939</u>	<u>205</u>	<u>-</u>	<u>-</u>	<u>1,144</u>
Net change in fund balances	<u>-</u>	<u>966</u>	<u>71</u>	<u>(26)</u>	<u>-</u>	<u>1,011</u>
Fund Balance at Beginning of Year	<u>37</u>	<u>5,140</u>	<u>4,266</u>	<u>8</u>	<u>-</u>	<u>9,414</u>
Fund Balance at End of Year	<u>\$ 37</u>	<u>\$ 6,106</u>	<u>\$ 4,337</u>	<u>\$ (18)</u>	<u>\$ -</u>	<u>\$ 10,425</u>

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

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

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

## CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDSJUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011  
(In Thousands)

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>	<b>2012</b>	<b>2011</b>
Assets:					
Cash and cash equivalents	\$ 6,023	\$ 4,123	\$ 1,180	\$ 11,326	\$ 12,032
Accounts receivable	359		299	658	317
Due from other funds	103	21	95	219	263
Total assets	<u>6,485</u>	<u>4,144</u>	<u>1,574</u>	<u>12,203</u>	<u>12,612</u>
Liabilities:					
Accounts payable and accrued liabilities	492	6	2	500	348
Accrued claims	1,775	2,015	310	4,100	4,128
Due to other funds					2
Total liabilities	<u>2,267</u>	<u>2,021</u>	<u>312</u>	<u>4,600</u>	<u>4,478</u>
Net Assets:					
Restricted				-	12
Unrestricted	<u>4,218</u>	<u>2,123</u>	<u>1,262</u>	<u>7,603</u>	<u>8,122</u>
Total Net Assets	<u>\$ 4,218</u>	<u>\$ 2,123</u>	<u>\$ 1,262</u>	<u>\$ 7,603</u>	<u>\$ 8,134</u>

## CITY OF MILFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011  
(In Thousands)**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>	<b>2012</b>	<b>2011</b>
Operating revenues:					
Employer contributions	\$ 29,214	\$ 315	\$ 1,658	\$ 31,187	\$ 26,957
Charges for services	5,062			5,062	4,836
Other		161	60	221	207
Total operating revenues	<u>34,276</u>	<u>476</u>	<u>1,718</u>	<u>36,470</u>	<u>32,000</u>
Operating expenses:					
Insurance premiums and claims expense	<u>34,689</u>	<u>876</u>	<u>1,531</u>	<u>37,096</u>	<u>33,568</u>
Operating income (loss)	(413)	(400)	187	(626)	(1,568)
Nonoperating revenue:					
Interest income	<u>1</u>			<u>1</u>	<u>19</u>
Net income (loss) before transfers	(412)	(400)	187	(625)	(1,549)
Transfers out					(488)
Transfers in			94	94	186
Net income (loss)	(412)	(400)	281	(531)	(1,851)
Net Assets, Beginning of Year	<u>4,630</u>	<u>2,523</u>	<u>981</u>	<u>8,134</u>	<u>9,985</u>
Net Assets, End of Year	<u>\$ 4,218</u>	<u>\$ 2,123</u>	<u>\$ 1,262</u>	<u>\$ 7,603</u>	<u>\$ 8,134</u>

## CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011

(In Thousands)

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:					
Cash received from contributions and charges for services	\$ 34,270	\$ 484	\$ 1,417	\$ 36,171	\$ 32,549
Cash payments for claims paid	(34,382)	(899)	(1,691)	(36,972)	(34,881)
Net cash used in operating activities	(112)	(415)	(274)	(801)	(2,332)
Cash flows from noncapital financing:					
Transfers to/from other funds			94	94	(303)
Cash flows from investing activities:					
Interest and dividends received	1			1	19
Net decrease in cash and cash equivalents	(111)	(415)	(180)	(706)	(2,616)
Cash and cash equivalents, beginning of year	6,134	4,538	1,360	12,032	14,648
Cash and Cash Equivalents, End of Year	<u>\$ 6,023</u>	<u>\$ 4,123</u>	<u>\$ 1,180</u>	<u>\$ 11,326</u>	<u>\$ 12,032</u>
Reconciliation of operating income (loss) to net cash used in operating activities:					
Operating income (loss)	\$ (413)	\$ (400)	\$ 187	\$ (626)	\$ (1,568)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Increase (decrease) in accounts payable and accrued liabilities	307	(23)	(160)	124	(1,313)
(Increase) decrease in due from other funds	48	(4)	(2)	42	435
(Increase) decrease in accounts receivable	(54)	12	(299)	(341)	114
Net Cash Used in Operating Activities	<u>\$ (112)</u>	<u>\$ (415)</u>	<u>\$ (274)</u>	<u>\$ (801)</u>	<u>\$ (2,332)</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, 2012

(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	\$ 531	\$ 177	\$ 546	\$ 1,254
Investments	131			131
Due from other funds	<u>          </u>	<u>8</u>	<u>          </u>	<u>8</u>
Total Assets	<u>\$ 662</u>	<u>\$ 185</u>	<u>\$ 546</u>	<u>\$ 1,393</u>
Liabilities:				
Due to employees, students and others	<u>\$ 662</u>	<u>\$ 185</u>	<u>\$ 546</u>	<u>\$ 1,393</u>

## CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2012  
(In Thousands)

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<b>Student Activities</b>				
Assets:				
Cash and cash equivalents	\$ 502	\$ 1,325	\$ 1,296	\$ 531
Investments	<u>184</u>	<u>3</u>	<u>56</u>	<u>131</u>
Total Assets	<u>\$ 686</u>	<u>\$ 1,328</u>	<u>\$ 1,352</u>	<u>\$ 662</u>
Liabilities:				
Due to employees, students and others	<u>\$ 686</u>	<u>\$ 1,328</u>	<u>\$ 1,352</u>	<u>\$ 662</u>
<b>Inland/Wetland Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 223	\$ 26	\$ 72	\$ 177
Due from other funds		8		8
Accounts receivables	<u>17</u>	<u></u>	<u>17</u>	<u>-</u>
	<u>\$ 240</u>	<u>\$ 34</u>	<u>\$ 89</u>	<u>\$ 185</u>
Liabilities:				
Due to employees, students and others	<u>\$ 240</u>	<u>\$ 34</u>	<u>\$ 89</u>	<u>\$ 185</u>

(Continued on next page)

## CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
AGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2012  
(In Thousands)

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Planning and Zoning Bonds</b>				
Assets:				
Cash and cash equivalents	\$ <u>592</u>	\$ <u>113</u>	\$ <u>159</u>	\$ <u>546</u>
Liabilities:				
Due to employees, students and others	\$ <u>592</u>	\$ <u>113</u>	\$ <u>159</u>	\$ <u>546</u>
<b>Total - All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,317	\$ 1,464	\$ 1,527	\$ 1,254
Investments	184	3	56	131
Due from other funds		8		8
Receivables	<u>17</u>	<u></u>	<u>17</u>	<u>-</u>
Total Assets	\$ <u>1,518</u>	\$ <u>1,475</u>	\$ <u>1,600</u>	\$ <u>1,393</u>
Liabilities:				
Due to employees and others	\$ <u>1,518</u>	\$ <u>1,475</u>	\$ <u>1,600</u>	\$ <u>1,393</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 ASSETS BY COMPONENT

## LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 145,526	\$ 132,115	\$ 143,992	\$ 135,747	\$ 141,359	\$ 113,217	\$ 103,736	\$ 107,364	\$ 101,144	\$ 98,550
Restricted	252	250	259	260	151	173	268	254	251	245
Unrestricted	(36,260)	(15,240)	(15,090)	5,254	7,084	31,938	32,553	22,969	25,445	19,216
Total Governmental Activities Net Assets	<u>\$ 109,518</u>	<u>\$ 117,125</u>	<u>\$ 129,161</u>	<u>\$ 141,261</u>	<u>\$ 148,594</u>	<u>\$ 145,328</u>	<u>\$ 136,557</u>	<u>\$ 130,587</u>	<u>\$ 126,840</u>	<u>\$ 118,011</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 3,200	\$ 3,238	\$ 3,284	\$ 3,341	\$ 3,398	\$ 3,456	\$ 3,469	\$ 3,430	\$ 3,489	\$ 3,269
Unrestricted	642	653	605	642	688	550	493	516	388	429
Total Business-Type Net Assets	<u>3,842</u>	<u>3,891</u>	<u>3,889</u>	<u>3,983</u>	<u>4,086</u>	<u>4,006</u>	<u>3,962</u>	<u>3,946</u>	<u>3,877</u>	<u>3,698</u>
Primary government:										
Invested in capital assets, net of related debt	148,726	135,353	147,276	139,088	144,757	116,673	107,205	110,794	104,633	101,819
Restricted	252	250	259	260	151	173	268	254	251	245
Unrestricted	(35,618)	(14,767)	(14,485)	5,896	7,772	32,488	33,046	23,485	25,833	19,645
Total Primary Government Net Assets	<u>\$ 113,360</u>	<u>\$ 120,836</u>	<u>\$ 133,050</u>	<u>\$ 145,244</u>	<u>\$ 152,680</u>	<u>\$ 149,334</u>	<u>\$ 140,519</u>	<u>\$ 134,533</u>	<u>\$ 130,717</u>	<u>\$ 121,709</u>

## NOTES:

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

TABLE 2

## CITY OF MILFORD, CONNECTICUT

## CHANGES IN NET ASSETS

## LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
General government	\$ 11,142	\$ 10,844	\$ 7,542	\$ 7,796	\$ 5,609	\$ 4,829	\$ 4,907	\$ 4,490	\$ 4,326	\$ 5,844
Administration	4,147	3,769	3,625	3,677	3,811	2,672	2,451	2,320	2,191	2,256
Public safety	38,471	37,014	35,817	36,067	35,298	23,369	21,463	20,374	19,233	19,339
Public services	27,673	27,911	31,252	29,066	30,445	19,984	20,157	22,173	20,385	18,005
Education	132,771	131,342	124,894	123,520	139,957	101,920	99,813	90,920	85,937	81,903
Health and welfare	5,929	5,906	5,313	5,709	6,149	3,530	3,458	5,110	2,853	2,463
General charges *						15,406	13,734	14,642	10,644	11,156
Grants to agencies	3,889	3,938	3,656	3,735	2,507	2,552	2,487		2,333	2,207
Interest on long-term debt	2,085	1,972	3,226	3,471	3,665	3,486	2,901	2,961	2,845	2,941
Total governmental activities expenses	<u>226,106</u>	<u>222,696</u>	<u>215,325</u>	<u>213,041</u>	<u>227,441</u>	<u>177,748</u>	<u>171,371</u>	<u>162,990</u>	<u>150,747</u>	<u>146,114</u>
Business-type activities:										
Milford Golf Course	88	68	115	92	78	67	68	49	44	56
Harbor Management	287	307	335	420	285	379	346	320	306	404
Total business-type activities expenses	<u>375</u>	<u>375</u>	<u>450</u>	<u>512</u>	<u>363</u>	<u>446</u>	<u>414</u>	<u>369</u>	<u>350</u>	<u>460</u>
Total primary government expenses	<u>226,481</u>	<u>223,071</u>	<u>215,775</u>	<u>213,553</u>	<u>227,804</u>	<u>178,194</u>	<u>171,785</u>	<u>163,359</u>	<u>151,097</u>	<u>146,574</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	977	1,131	1,178	1,234	1,462	4,431	5,544	4,461	3,784	2,953
Public service	802	61	1,385	1,378	2,127	2,285	3,066	2,128	6,136	5,657
Education	2,705	2,754	2,682	2,679	2,674	2,759	2,601	2,345	2,242	2,028
Other	2,766	2,616	2,006	1,188	1,042	1,284	230	250	447	556
Operating grants and contributions	29,730	27,489	28,258	27,647	52,237	20,746	22,935	19,623	18,751	18,481
Capital grants and contributions	3,426	-	454	4,081	6,803	2,768	1,352	1,713	5,215	3,742
Total governmental activities program revenues	<u>40,406</u>	<u>34,051</u>	<u>35,963</u>	<u>38,207</u>	<u>66,345</u>	<u>34,273</u>	<u>35,728</u>	<u>30,520</u>	<u>36,575</u>	<u>33,417</u>
Business-type activities:										
Charges for services:										
Golf fees	74	73	70	70	70	70	64	70	70	69
Harbor fees	267	252	249	258	280	273	269	283	256	197
Operating grants and contributions		60	38	74	74	74	74	74	74	74
Total business-type activities program revenues	<u>341</u>	<u>385</u>	<u>357</u>	<u>402</u>	<u>424</u>	<u>417</u>	<u>407</u>	<u>427</u>	<u>400</u>	<u>340</u>
Total primary government program revenues	<u>40,747</u>	<u>34,436</u>	<u>36,320</u>	<u>38,609</u>	<u>66,769</u>	<u>34,690</u>	<u>36,135</u>	<u>30,947</u>	<u>36,975</u>	<u>33,757</u>

(Continued on next page)



TABLE 2

**CITY OF MILFORD, CONNECTICUT**  
**CHANGES IN NET ASSETS (CONTINUED)**

**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense) revenue:										
Governmental activities	\$ (185,700)	\$ (188,645)	\$ (179,362)	\$ (174,834)	\$ (161,096)	\$ (143,475)	\$ (135,643)	\$ (132,470)	\$ (114,172)	\$ (112,697)
Business-type activities	(34)	10	(93)	(110)	61	(29)	(7)	58	50	(120)
Total primary government net expense	<u>(185,734)</u>	<u>(188,635)</u>	<u>(179,455)</u>	<u>(174,944)</u>	<u>(161,035)</u>	<u>(143,504)</u>	<u>(135,650)</u>	<u>(132,412)</u>	<u>(114,122)</u>	<u>(112,817)</u>
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	161,252	160,134	152,330	152,856	149,025	137,726	129,146	130,550	117,341	114,422
Grants and contributions not restricted to specific programs	14,103	13,665	13,040	10,612	11,357	10,055	8,285	4,629	4,519	4,786
Unrestricted investment earnings	1,600	1,716	1,080	689	2,471	3,020	2,047	901	350	541
Other general revenues	1,301	905	809	3,344	1,509	1,445	385	137	143	258
Transfers in	17	9	3							
Gain on sale of capital assets							1,750			
Special items									648	45,729
Total governmental activities	<u>178,273</u>	<u>176,429</u>	<u>167,262</u>	<u>167,501</u>	<u>164,362</u>	<u>152,246</u>	<u>141,613</u>	<u>136,217</u>	<u>123,001</u>	<u>165,736</u>
Business-type activities:										
Unrestricted investment earnings	2	1	2	7	19	26	23	11	5	5
Transfers out	(17)	(9)	(3)							
Contributed assets						47				
Total business-type activities	<u>(15)</u>	<u>(8)</u>	<u>(1)</u>	<u>7</u>	<u>19</u>	<u>73</u>	<u>23</u>	<u>11</u>	<u>5</u>	<u>5</u>
Total primary government	<u>178,258</u>	<u>176,421</u>	<u>167,261</u>	<u>167,508</u>	<u>164,381</u>	<u>152,319</u>	<u>141,636</u>	<u>136,228</u>	<u>123,006</u>	<u>165,741</u>
Change in Net Assets:										
Governmental activities	(7,427)	(12,216)	(12,100)	(7,333)	3,266	8,771	5,970	3,747	8,829	53,039
Business-type activities	<u>(49)</u>	<u>2</u>	<u>(94)</u>	<u>(103)</u>	<u>80</u>	<u>44</u>	<u>16</u>	<u>69</u>	<u>55</u>	<u>(115)</u>
Total Primary Government	\$ (7,476)	\$ (12,214)	\$ (12,194)	\$ (7,436)	\$ 3,346	\$ 8,815	\$ 5,986	\$ 3,816	\$ 8,884	\$ 52,924

Notes:

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

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

TABLE 3

**CITY OF MILFORD, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$	\$	\$ 3,341	\$ 3,176	\$ 2,633	\$ 1,911	\$ 1,348	\$ 1,651	\$ 1,496	\$ 1,213
Unreserved			14,462	16,070	15,955	13,929	14,298	13,340	11,840	11,558
Nonspendable	21	438								
Committed	1,212	2,699								
Assigned	4,198	7,545								
Unassigned	15,638	12,841								
Total General Fund	\$ 21,069	\$ 23,523	\$ 17,803	\$ 19,246	\$ 18,588	\$ 15,840	\$ 15,646	\$ 14,991	\$ 13,336	\$ 12,771
All other governmental funds:										
Reserved	\$	\$	\$ 19,801	\$ 10,860	\$ 31,059	\$ 51,429	\$ 13,479	\$ 6,725	\$ 10,421	\$ 9,674
Unreserved, reported in:										
Special revenue funds			7,174	6,485	6,584	6,055	6,433	4,692	3,822	3,525
Debt service funds			4,387	5,554	4,490	3,511	2,635	1,856		
Capital projects funds			(19,566)	(61,979)	(73,655)	(64,055)	(34,618)	(26,552)	(11,599)	(9,676)
Nonspendable	77	23								
Restricted	3,364	2,090								
Committed	18,297	28,103								
Assigned	3,802									
Unassigned	(31,896)	(33,171)								
Total All Other Governmental Funds	\$ (6,356)	\$ (2,955)	\$ 11,796	\$ (39,080)	\$ (31,522)	\$ (3,060)	\$ (12,071)	\$ (13,279)	\$ 2,644	\$ 3,523

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

## CITY OF MILFORD, CONNECTICUT

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes and assessments	\$ 162,014	\$ 159,555	\$ 151,428	\$ 151,760	\$ 147,515	\$ 136,715	\$ 127,833	\$ 129,672	\$ 119,987	\$ 116,987
Fines, forfeitures, penalties and interest	1,487	1,654	993	1,072	1,091	1,011	982	1,365	1,387	1,294
Intergovernmental	41,805	33,206	36,907	37,949	65,565	29,908	28,304	26,155	25,688	24,419
Charges for services	6,079	6,925	7,609	6,720	7,220	8,614	8,166	6,938	8,008	6,568
Investment income	113	174	231	689	2,865	3,692	2,819	1,138	572	800
Other	8,458	9,133	6,117	6,546	6,032	6,600	5,963	2,148	548	784
Total revenues	<u>219,956</u>	<u>210,647</u>	<u>203,285</u>	<u>204,736</u>	<u>230,288</u>	<u>186,540</u>	<u>174,067</u>	<u>167,416</u>	<u>156,190</u>	<u>150,852</u>
Expenditures:										
General government	7,304	7,084	4,981	4,591	4,268	4,483	4,421	4,214	4,271	4,580
Administration	2,435	2,462	2,397	2,404	2,422	2,341	2,206	2,113	2,060	1,986
Public safety	24,562	24,317	23,712	23,555	22,588	21,910	20,435	19,335	18,609	18,406
Public services	17,591	17,901	19,949	17,991	17,170	17,353	16,452	16,166	15,890	15,131
Education	122,074	118,811	115,871	113,944	135,532	101,972	97,376	89,731	85,196	81,544
Health and welfare	3,930	3,864	3,554	3,747	3,827	3,332	3,242	3,085	2,732	2,747
General charges	21,295	15,453	15,948	16,619	18,594	15,406	13,734	14,203	12,116	11,899
Other	2,626	2,646	2,504	2,561	2,500	2,484	2,437	2,300	2,259	2,207
Capital outlay	31,606	25,528	14,423	30,745	46,475	23,602	12,329	27,292	16,348	9,799
Debt service - principal	8,831	7,562	6,745							
Debt service - interest	3,182	3,364	3,303							
Debt service*				9,001	9,246	9,238	9,032	8,714	8,005	8,425
Total expenditures	<u>245,436</u>	<u>228,992</u>	<u>213,387</u>	<u>225,158</u>	<u>262,622</u>	<u>202,121</u>	<u>181,664</u>	<u>187,153</u>	<u>167,486</u>	<u>156,724</u>
Excess of Revenue Under Expenditures	<u>(25,480)</u>	<u>(18,345)</u>	<u>(10,102)</u>	<u>(20,422)</u>	<u>(32,334)</u>	<u>(15,581)</u>	<u>(7,597)</u>	<u>(19,737)</u>	<u>(11,296)</u>	<u>(5,872)</u>
Other Financing Sources (Uses):										
Lease principal receipts								479	447	417
Issuance of bonds	15,329	13,240	59,246	13,500	6,620	7,100	7,710	4,900	9,315	9,170
Capital leases						208				
Issuance of refunding bonds	8,765		16,087						18,615	
Payment to refunded bond escrow agent	(9,332)		(15,899)						(18,621)	
Premium on issuance of debt	692								199	
Cost of debt issuance									(180)	
Sale of capital assets	11		98	22		14,969	1,750	90	1,189	
Transfers in	4,121	2,998	2,333	3,332	3,163	3,410	1,895	2,482	3,024	1,456
Transfers out	(4,198)	(2,687)	(2,330)	(3,332)	(3,163)	(3,310)	(1,895)	(2,482)	(3,024)	(1,456)
Total other financing sources (uses)	<u>15,388</u>	<u>13,551</u>	<u>59,535</u>	<u>13,522</u>	<u>6,620</u>	<u>22,377</u>	<u>9,460</u>	<u>5,469</u>	<u>10,964</u>	<u>9,587</u>
Net Change in Fund Balances	<u>\$ (10,092)</u>	<u>\$ (4,794)</u>	<u>\$ 49,433</u>	<u>\$ (6,900)</u>	<u>\$ (25,714)</u>	<u>\$ 6,796</u>	<u>\$ 1,863</u>	<u>\$ (14,268)</u>	<u>\$ (332)</u>	<u>\$ 3,715</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.6%</u>	<u>5.4%</u>	<u>5.05%</u>	<u>4.63%</u>	<u>4.28%</u>	<u>5.17%</u>	<u>5.30%</u>	<u>5.50%</u>	<u>5.30%</u>	<u>5.70%</u>

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

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

TABLE 5

## CITY OF MILFORD, CONNECTICUT

**EIGHT YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET**  
**FISCAL YEAR 2005-2012**  
(In Thousands)

	<u>Adopted Budget 2012-2013</u>	<u>Actual 6/30/2012</u>	<u>Actual 6/30/2011</u>	<u>Actual 6/30/2010</u>	<u>Actual 6/30/2009</u>	<u>Actual 6/30/2008</u>	<u>Actual 6/30/2007</u>	<u>Actual 6/30/2006</u>	<u>Actual 6/30/2005</u>
Revenues:									
Property taxes and assessments	\$ 161,196	\$ 155,213	\$ 153,080	\$ 146,157	\$ 146,819	\$ 142,244	\$ 131,265	\$ 122,405	\$ 124,473
Intergovernmental revenue	15,462	26,930	22,384	22,212	24,521	16,492	21,200	21,078	17,842
Fines, forfeitures, penalties and interest	1,300	1,487	1,654	993	1,072	1,091	1,011	982	1,365
Investment income	61	62	113	152	467	1,994	2,808	2,254	885
Other	7,788	8,907	9,215	6,129	6,633	7,411	8,542	8,183	4,296
Total revenues	<u>185,807</u>	<u>192,599</u>	<u>186,446</u>	<u>175,643</u>	<u>179,512</u>	<u>169,232</u>	<u>164,826</u>	<u>154,902</u>	<u>148,861</u>
Expenditures:									
General government	4,011	3,869	3,968	3,419	3,322	3,348	3,238	3,139	3,104
Administration	2,471	2,435	2,462	2,397	2,404	2,417	2,338	2,205	2,111
Public safety	23,168	22,837	22,654	22,448	22,427	21,396	20,813	19,925	19,174
Public services	11,315	11,455	11,696	11,401	11,825	11,382	11,414	10,915	10,881
Education	106,815	114,635	109,306	106,657	106,963	95,534	95,431	91,148	83,738
Health and welfare	1,654	1,656	1,695	1,629	1,649	1,644	1,601	1,567	1,499
General charges	20,828	21,295	15,453	15,948	16,619	18,594	15,406	13,734	14,203
Grants to agencies	3,134	2,626	2,646	2,504	2,561	2,500	2,484	2,437	2,300
Debt service	12,411	12,013	10,926	10,048	9,001	9,142	9,117	9,032	8,714
Total expenditures	<u>185,807</u>	<u>192,821</u>	<u>180,806</u>	<u>176,451</u>	<u>176,771</u>	<u>165,957</u>	<u>161,842</u>	<u>154,102</u>	<u>145,724</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>(222)</u>	<u>5,640</u>	<u>(808)</u>	<u>2,741</u>	<u>3,275</u>	<u>2,984</u>	<u>800</u>	<u>3,137</u>
Other financing sources (uses):									
Lease principal payments									479
Issuance of refunding bonds		8,765		15,470					
Payment to refunded bond escrow agent		(9,332)		(15,899)					
Premium on issuance of debt		692		617					
Sale of capital assets		11		98	22		10	1,750	90
Transfers in		596	456	545		1000	149		137
Transfers out		(2,964)	(2,002)	(1,466)	(2,105)	(1,530)	(2,949)	(1,895)	(2,188)
Net other financing uses		<u>(2,232)</u>	<u>(1,546)</u>	<u>(635)</u>	<u>(2,083)</u>	<u>(530)</u>	<u>(2,790)</u>	<u>(145)</u>	<u>(1,482)</u>
Net change in fund balances		(2,454)	4,094	(1,443)	658	2,745	194	655	1,655
Fund equity, beginning year, as restated <sup>4</sup>		23,523	19,429	* 19,246	18,588	15,840	15,646	14,991	13,336
Residual equity transfer						3			
Fund Equity, End of Year	<u>\$ 21,069</u>	<u>\$ 23,523</u>	<u>\$ 17,803</u>	<u>\$ 19,246</u>	<u>\$ 18,588</u>	<u>\$ 15,840</u>	<u>\$ 15,646</u>	<u>\$ 14,991</u>	
Reserve for encumbrances	\$	\$	\$ 3,319	\$ 3,154	\$ 2,612	\$ 1,869	\$ 1,285	\$ 1,563	
Reserved for other purposes			22	22	21	42	63	88	
Reserve for subsequent years			2,000	3,750	1,750	2,500	3,000	3,000	
Unreserved - undesignated			12,462	12,320	14,205	11,429	11,298	10,340	
Nonspendable		21	438						
Committed		1,212	2,699						
Assigned		4,198	7,545						
Unassigned		<u>15,638</u>	<u>12,841</u>						
Fund Equity	<u>\$ 21,069</u>	<u>\$ 23,523</u>	<u>\$ 17,803</u>	<u>\$ 19,246</u>	<u>\$ 18,588</u>	<u>\$ 15,840</u>	<u>\$ 15,646</u>	<u>\$ 14,991</u>	

TABLE 6

**CITY OF MILFORD, CONNECTICUT**  
**CAPITAL IMPROVEMENT PROGRAM**  
**2013-2017**

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>Total</u>
Proposed Projects:						
Education	\$ 7,500	\$ 5,490	\$ 11,350	\$ 3,800	\$ 9,950	\$ 38,090
Sewers	2,950	4,325	5,500	9,500	9,000	31,275
Fire			245	245		490
Police			1,503		13,473	14,976
Roads/Drainage	6,050	3,550	1,050	1,050	1,050	12,750
Bridges		500				500
Buildings	215	175	50			440
Erosion/Flood control		1,100	535	210		1,845
Recreation	425	125	350			900
Total	\$ <u>17,140</u>	\$ <u>15,265</u>	\$ <u>20,583</u>	\$ <u>14,805</u>	\$ <u>33,473</u>	\$ <u>101,266</u>
Proposed Funding:						
Bonds	\$ 12,100	\$ 11,781	\$ 13,855	\$ 12,315	\$ 28,123	\$ 78,174
Grants	4,690	3,369	6,593	2,440	5,300	22,392
Pay-As-You-Go	350	115	135	50	50	700
Total	\$ <u>17,140</u>	\$ <u>15,265</u>	\$ <u>20,583</u>	\$ <u>14,805</u>	\$ <u>33,473</u>	\$ <u>101,266</u>

TABLE 7

## CITY OF MILFORD, CONNECTICUT

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(In Thousands)

Fiscal Year	Grand List Year	Real Property			Personal Property	Motor Vehicle	Total Taxable Assessed Value	Less Exemptions	Net Taxable Grand List	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
		Residential	Commercial and Industrial	All Land								
2012	2010	\$ 5,406,408	\$ 1,371,087	\$	\$ 435,189	\$ 342,792	\$ 7,555,476	\$ 2,145,408	\$ 5,410,069	28.89	\$ 10,578,868	51.14%
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	51.22%
2010	2008	5,379,222	1,388,800		401,345	326,530	7,495,897	2,118,534	5,377,363	27.50	10,546,040	50.99%
2009	2007	5,336,006	1,388,827		294,183	348,799	7,367,815	2,116,168	5,251,647	28.23	10,356,372	50.71%
2008	2006	5,339,250	1,276,658		260,998	343,142	7,220,048	2,747,502	4,472,546	31.77	9,992,784	44.76%
2007	2005	2,540,824	758,974		267,984	340,267	3,908,049	93,272	3,814,777	34.36	5,449,681	70.00%
2006	2004	2,761,259	663,526		375,037	321,460	4,121,282	121,285	3,999,997	32.18	5,714,281	70.00%
2005	2003	2,712,980	672,583		410,112	299,382	4,095,057	117,241	3,977,816	31.34	5,682,594	70.00%
2004	2002	2,604,546	771,566		400,071	306,177	4,082,360	125,544	3,956,816	29.20	5,652,594	70.00%
2003	2001	2,586,643	733,885		397,019	292,752	4,010,299	109,240	3,901,059	28.84	5,572,941	70.00%

Notes:

- (1) Does not include supplemental motor vehicles.
- (2) Beginning with the October 1991 Grand List, Connecticut General Statutes exempted new manufacturing equipment from property taxation by municipalities. The State directly reimburses the City for 100% of the foregone taxes through fiscal year 2001. Fiscal year 2002, 2003 and 2004 have lower reimbursement rates.
- (3) Revaluation Grand List values shown above are phase-in values for GL Years 2006, 2007 and 2008. The phase in was suspended by the Board of Aldermen after two years. Therefore GL Years 2008 - 2010 will only have 40% of the increase value reflected instead of values increasing to 100%.
- (4) Effective with the 10/1/98 M-13 report filed with the Secretary of State, land use categories have been consolidated such that prior years may not be completely comparable.
- (5) See disclosure about Property Tax Agreements in the Contingent Liability Note in the Financial Statements

TABLE 8

## CITY OF MILFORD, CONNECTICUT

## PRINCIPAL PROPERTY TAXPAYERS

FY 2012 and FY2003  
(In Thousands)

Taxpayers	Nature of Business	2012			2003		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Milford Power Company LLC	Utility				\$ 183,073	1	4.69%
Connecticut Post Limited Partnership	Regional Shopping Mall	\$ 118,531	1	1.90%	81,138	2	2.08%
Connecticut Light and Power Company	Utility	115,145	2	1.60%			
Milford Crossing Investors LLC	Retail	50,119	3	1.00%		3	
Smith Craft Real Estate, ETALS	Real Estate Developer	45,993	4	0.80%			
Crown Milford, LLC	Office Park	29,201	5	0.45%	27,325		0.70%
Devon Power(1)	Utility	26,135	6	0.35%	59,402	6	1.52%
JP Construction Company/Avalon Bay	Apartment	25,372	7	0.34%		5	
D'Amato Investments, LLC	Real Estate Development	24,338	8	0.34%	20,822		0.53%
Schick Manufacturing Inc.	Manufacturer - Razors	22,653	9	0.33%	39,676	7	1.01%
Keystone Milford LLC	Retail (Stop & Shop)	16,094	10	0.28%			
Bic Corporation	Manufacturer - Pens, Razors				38,358	4	0.98%
Southern Connecticut Gas Company	Utility				15,305	8	0.39%
F440 Wheeler Farms Road LLC	Office Park				12,270	9	0.31%
Milford Project LLC	Storage				9,872	10	0.25%
TOTAL		\$ 473,581		7.39%	\$ 487,241		12.46%

Source: City of Milford, Office of Tax Assessor

(1) Prior to the Property Tax Stabilization Agreement with GenConn which resulted in a reduction in the Grand List of \$2,380,320.

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(6/30/12)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	28.89	\$ 156,123	\$ 153,158	98.10%	N/A	\$ 153,158	98.10%
2011	28.44	154,259	150,811	97.76%	1,286	150,811	97.76%
2010	28.23	146,895	144,148	98.13%	1,337	145,485	99.04%
2009	28.23	148,604	145,060	97.62%	2,652	147,712	99.40%
2008	31.77	142,432	140,289	98.50%	1,502	141,791	99.55%
2007	34.36	130,409	129,553	99.34%	387	129,940	99.64%
2006	32.18	122,782	120,875	98.45	1,575	122,450	99.73%
2005	31.34	124,490	122,359	98.28	1,857	124,216	99.78%
2004	29.20	115,969	113,658	98.01	2,079	115,737	99.80%
2003	28.84	112,937	110,869	98.17	1,853	112,722	99.81%



## CITY OF MILFORD, CONNECTICUT

## RATIOS OF OUTSTANDING DEBT BY TYPE

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

Fiscal Year	Governmental Activities		Notes Payable	Capital Leases	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds					
2012	\$ 96,615	\$	31,816	\$	1.79	\$ 1,833
2011	89,100		26,230		1.64	1,594
2010	82,985		23,633	44	1.54	1,484
2009	74,220		26,410	84	1.42	1,419
2008	66,905		13,430	124	1.50	1,214
2007	66,500		21,625	162	1.74	1,214
2006	65,605		28,018		1.64	1,254
2005	64,105		26,865		1.60	1,226
2004	64,780		6,220		1.64	1,239
2003	59,530		7,590		1.53	1,138

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, 2012

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2012						\$	156,835
Reimbursement for revenue loss on:							
Tax relief for the elderly							<u>5</u>
Base						\$	<u><u>156,840</u></u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Bonds</b>		
Debt Limitation							
2-1/4 times base	\$ 352,890	\$	\$	\$	\$		
4-1/2 times base		705,780					
3-3/4 times base			588,150				
3-1/4 times base				509,730			
3 times base					470,520		
Total debt limitation	<u>352,890</u>	<u>705,780</u>	<u>588,150</u>	<u>509,730</u>	<u>470,520</u>		
Indebtedness:							
Bonds payable	28,806	20,307	25,408				
Notes payable	10,319	9,428	12,069				
CWF project loan obligation			39,488				
Authorized, unissued debt	12,908	12,376	15,330				
Less school construction grants		(1,340)					
Total indebtedness	<u>52,034</u>	<u>40,771</u>	<u>92,295</u>	<u>-</u>	<u>-</u>		
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>300,856</u>	\$ <u>665,009</u>	\$ <u>495,855</u>	\$ <u>509,730</u>	\$ <u>470,520</u>		

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,097,880).

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

	<b>FISCAL YEAR</b>									
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Debt limit	\$ 1,097,880	\$ 1,097,880	\$ 1,029,147	\$ 1,035,573	\$ 998,970	\$ 924,329	\$ 863,436	\$ 881,447	\$ 820,190	\$ 800,408
Total net debt applicable to limit	<u>185,100</u>	<u>185,100</u>	<u>188,550</u>	<u>175,948</u>	<u>183,701</u>	<u>174,476</u>	<u>156,738</u>	<u>156,568</u>	<u>132,815</u>	<u>72,518</u>
Legal Debt Margin	<u>\$ 912,780</u>	<u>\$ 912,780</u>	<u>\$ 840,597</u>	<u>\$ 859,625</u>	<u>\$ 815,269</u>	<u>\$ 749,853</u>	<u>\$ 706,698</u>	<u>\$ 724,879</u>	<u>\$ 687,375</u>	<u>\$ 727,890</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>16.86%</u>	<u>16.86%</u>	<u>18.32%</u>	<u>16.99%</u>	<u>18.39%</u>	<u>18.88%</u>	<u>18.15%</u>	<u>17.76%</u>	<u>16.19%</u>	<u>9.06%</u>

Source: Comprehensive annual financial report - Schedule of Debt Limitation

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

## CITY OF MILFORD, CONNECTICUT

## DEBT STATEMENT AND CURRENT DEBT RATIOS

JUNE 30, 2012

Long- term bonded (1)		
Bonds:		
Public Improvement	\$	28,806
Schools		20,307
Sewers		25,408
Clean Water		39,488
		<hr/>
Total long-term bonded debt		114,009
		<hr/>
Short-term debt:		
Bond Anticipation Notes		31,816
		<hr/>
Total Direct Debt		145,825
Less School Construction Grants - State of Connecticut (2)		(1,340)
		<hr/>
Total Net Direct Debt and Overall Net Debt	\$	147,165
		<hr/> <hr/>

Note: The City has no overlapping or underlying debt.

Population (3)		52,759
Net Taxable Grand List (10/01/10)	\$	5,410,069
Estimated Full Value (70%)	\$	9,144,842
Equalized Grand List (10/1/09) (4)	\$	7,186,614
Money Income Per Capita (2010) (1)	\$	38,351

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>
	<hr/>	<hr/>
Per Capita	\$3,189.10	\$3,154.09
Ratio to net Taxable Grand List	2.63%	2.60%
Ratio to Estimated Full Value	1.84%	1.82%
Ratio to Equalized Grand List	2.34%	2.32%
Debt per Capita to Money Income per Capita	8.32%	8.22%

\*Presented in thousands

(1) Excludes capital leases

(2) See "School Building Grant Reimbursements" herein

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

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

## CITY OF MILFORD, CONNECTICUT

## RATIOS OF NET LONG-TERM 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)					
2003	2001	\$ 3,901,059	\$ 5,572,941	\$ 52,018	1.33	0.93	52,305	994.51	3.44
2004	2002	3,956,816	5,652,595	59,269	1.50	1.05	52,305	1,133.15	3.92
2005	2003	3,983,877	5,691,253	58,115	1.46	1.02	52,305	1,111.09	3.85
2006	2004	3,999,997	5,714,281	60,683	1.52	1.06	52,305	1,092.49	3.78
2007	2005	3,814,867	5,449,810	61,564	1.61	1.13	54,802	1,123.00	3.80
2008	2006	4,472,546	9,992,784	67,342	1.50	0.94	55,127	1,217.48	4.22
2009	2007	5,251,646	10,356,372	74,862	1.43	0.72	55,455	1,349.96	4.63
2010	2008	5,377,363	10,546,040	80,622	1.50	0.76	55,907	1,442.07	4.99
2011	2009	5,430,922	10,603,075	128,728	2.37	1.21	55,907	2,302.54	7.97
2012	2010	5,410,069	10,578,868	112,669	2.08	1.07	52,759	2,015.30	6.98

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

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

(2) Assessment Ratio 70%

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

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

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

The FY2010 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, 2012

Project	Bonds Authorized	Bonds Issued	BANS Due 11/02/12	Paydowns	General Purpose	Schools	Sewers
Recreation Facility Improvement	\$ 1,310,000	\$ 1,304,700	\$	\$	\$ 5,300	\$	\$
Pepe's Farm Road & Woodmont Road	1,370,000	1,202,000			168,000		
Stowe Property	895,000	690,000	12,000		193,000		
Senior Center Renovations	1,950,000	1,909,000			41,000		
Milford Academy Renovations	2,650,000	2,543,000	25,000	2,250	79,750		
Various Public Improvements (Feb 04)	2,483,065	2,401,765	5,000		76,300		
Various Public Improvements (Nov 04)	3,279,447	3,001,200	125,000		153,247		
Public Improvements (Mar 05)	1,134,500	1,083,000	29,200	150	22,150		
Road Resurfacing (Mar 06)	715,000	704,000			11,000		
Public Improvements (Feb 07)	4,620,300	3,549,685	202,500		868,115		
Public Improvements (Apr 08)	3,715,559	2,909,250	85,200		721,109		
Public Improvements (Feb 10)	6,292,000	1,632,000	2,883,000		1,777,000		
Public Improvements (Feb 11)	6,588,000	2,000,000	3,240,400		1,347,600		
Public Improvements (Apr 11)	1,685,000	1,125,000	278,000		282,000		
Woodmont Beach FEMA (Mar 12)	534,000		100,700		433,300		
Eastside Firehouse	4,950,000	1,000,000	2,033,000		1,917,000		
Public Improvements (Apr 12)	6,088,600		1,300,000		4,788,600		
General Public Improvements	1,775,538	1,751,800			23,738		
Total General Improvement	52,036,009	28,806,400	10,319,000	2,400	12,908,209	-	-
School Improvements 2007	13,216,073	12,352,000	25,800			838,273	
School Improvements 2008	1,440,000	305,000	330,000			805,000	
Law Phase III Construction	2,717,487	2,500,000	23,000			194,487	
School Improvements 2010	7,121,209	4,350,000	1,850,000			921,209	
School Improvements 2011	5,617,484	800,000	2,200,000			2,617,484	
School Improvements 2012	12,000,000		5,000,000			7,000,000	
Total School	42,112,253	20,307,000	9,428,800	-	-	12,376,453	-
Sewer Plant Renovations	33,172,523	14,100,400	10,003,200				9,068,923
Sewers Phase XIII	2,555,000	1,653,000	200,000				702,000
Sewers Phase XIV Design Phase	930,000	589,400					340,600
East/West Interceptor	4,250,000	4,065,000	15,000				170,000
Buckingham Force Main	4,650,000	4,000,000	100,000				550,000
Roger Pump & High Street	2,623,500	1,000,000	750,000				873,500
Sewers Phase XV	4,625,000		1,000,000				3,625,000
Total Sewers	52,806,023	25,407,800	12,068,200	-	-	-	15,330,023
Total	\$ 146,954,285	\$ 74,521,200	\$ 31,816,000	\$ 2,400	\$ 12,908,209	\$ 12,376,453	\$ 15,330,023

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

<b>Calendar Year</b>	<b>Population(1)</b>	<b>Per Capita Income(2)</b>	<b>Total Personal Income</b>	<b>Median Age(2)</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>
2012	52,759	\$ 38,351	2,023,360,409	43.3	6,849	6.9
2011	55,907	28,832	1,611,910,624	39.4	7,069	7.8
2010	55,907	28,882	1,614,705,974	39.4	7,166	8.6
2009	55,455	28,882	1,601,651,310	39.4	7,306	7.5
2008	55,127	28,882	1,592,178,014	39.4	7,374	5
2007	54,802	28,882	1,582,791,364	39.4	7,389	3.8
2006	52,305	28,882	1,510,673,010	39.4	7,597	3.7
2005	52,305	28,882	1,510,673,010	39.4	7,582	4.4
2004	52,305	28,882	1,510,673,010	39.4	7,578	4.5
2003	52,305	28,882	1,510,673,010	39.4	7,428	5.4

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

(2) Source: U.S. Census Bureau

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

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

TABLE 17

## CITY OF MILFORD, CONNECTICUT

## PRINCIPAL EMPLOYERS

2012 AND 2003

Business Name	Nature of Business	2012			2003		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
City of Milford Board of Education	Municipal School System	1,238	1	4.04%	1100	1	4.13%
Milford Hospital	Healthcare	811	2	2.65%	795	3	2.99%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	719	3	2.35%	675	5	2.54%
Schick	Manufacturer - Razors	705	4	2.30%	750	4	2.82%
City of Milford	Municipal Government	556	5	1.82%	561	6	2.11%
Neopost Hasler, Inc.	Postage Meter Company	325	6	1.06%			
Super Stop & Shop	Food Retail	325	7	1.06%			
Macy's (Filene's)	Retail Department Store	277	8	0.90%	350	7	1.32%
ShopRite of Milford	Grocery Store	241	9	0.79%			
Alinabal	Manufacturer	234	10	0.76%	230	10	0.86%
BIC Corporation	Manufacturer Lighters				830	2	3.12%
Eastern Bag & Paper	Manufacturer				275		1.03%
Sears					300	8	1.13%
TOTAL		5,431		17.74%	5,866		22.05%
Total Employment		30,610			26,606		

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government	117.85	126.72	126.72	125.72	125.72	125.72	123.72	125.72	122.72	120.72
Police	127	130	130	129	132	131	131	127	131	133
Fire	126	127	127	127	127	127	127	127	127	127
Refuse collection	31	33	33	31	33	33	33	33	33	33
Other public works	79	84	85	81	87	85	90	90	90	90
Wastewater	31	29	27	25	31	31	31	31	31	31
Parks and recreation	6	7	7	7	7	7	7	7	7	7
Library	19.15	19.28	19.28	19.28	19.28	19.28	19.28	19.28	19.28	19.28
Education	<u>1111.97</u>	<u>1,120.75</u>	<u>1,161.85</u>	<u>1,181.85</u>	<u>1,027.57</u>	<u>1,021.32</u>	<u>1,000.34</u>	<u>977.11</u>	<u>967.47</u>	<u>948.01</u>
Total	<u>1648.97</u>	<u>1676.75</u>	<u>1716.85</u>	<u>1726.85</u>	<u>1589.57</u>	<u>1580.32</u>	<u>1,562.34</u>	<u>1,537.11</u>	<u>1,528.47</u>	<u>1,509.01</u>

Source: Various City Departments

TABLE 19

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

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Building permits issued	35	52	68	67	47	122	161	250	87	108
All other permits	3,377	2,966	2,826	2,705	3,221	3,814	4,439	4,776	3,329	3,294
Building inspections conducted	4,878	4,750	5,878	7,581	8,265	8,712	9,207	8,476	8,821	8,159
Police:										
Physical arrests	2,806	2,773	1,900	2,065	1,772	2,421	1,271	1,724	1,858	1,813
Parking violations	3,622	4,299	4,673	3,637	4,097	4,252	3,333	3,694	3,694	2,995
Traffic violations	9,277	8,341	8,224	11,507	9,241	11,450	12,698	11,496	9,588	8,959
Fire:										
Emergency responses	8,108	7,749	7,819	7,369	7,731	7,170	7,014	6,526	6,668	6,569
Fires extinguished	201	180	150	169	265	253	232	213	216	280
Refuse collection:										
Refuse collected (tons per day)	11,153.56	15,223.90	15,590.09	14,603.81	14,141.73	14,282.05	15,395.32	15,584.27	15,590.13	15,664.96
Recyclables collected (tons per day)	4,273.16	2,557.37	2,574.55	2,779.02	3,238.55	2,898.86	3,176.66	2,996.47	3,021.08	2,887.20
Other public works:										
Street resurfacing (miles)	2.5	2.26	5.84	2.50	6.23	6.06	4.50	6.00	3.00	3.60
Potholes repaired (info not available)										
Parks and recreation:										
Athletic field permits issued	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Community Center admissions	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939
Library:										
Volumes in collection	126,055	126,118	124,590	120,506	121,159	119,224	117,751	118,074	120,881	101,777
Total volumes borrowed	198,276	211,825	220,213	210,245	195,837	182,942	169,423	209,058	217,704	216,670
Wastewater:										
Average daily sewage treatment (thousands of gallons)	10,000	10,000	8,700	10,250	10,250	11,100	11,100	11,100	11,100	11,100

Source: Various City Departments

## CITY OF MILFORD, CONNECTICUT

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	40	40	40	40	40	40	40	40	40	40
Fire stations	5	5	5	5	5	5	5	5	5	5
Refuse collection:										
Collection trucks	15	11	11	11	11	11	11	11	11	11
Other public works:										
Streets (miles)	199	199	199	199	199	199	199	199	199	199
Traffic signals	135	134	134	134	131	131	131	131	131	131
Parks and recreation:										
Open space parks	8	8	8	8	8	8	8	8	8	8
Ball/Soccer/Football fields	38	38	38	38	38	38	38	39	39	39
Playgrounds	19	23	23	23	23	23	23	23	23	23
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	25	25	25	25	25	25	28	28	28
Community centers	5	5	5	5	5	5	5	5	5	5
Beach front mileage	11	11	11	11	11	11	11	11	11	11
Public beaches	5	5	5	5	5	5	5	5	5	5
Marina	1	1	1	1	1	1	1	1	1	1
Golf course - 9-hole executive	1	1	1	1	1	1	1	1	1	1
Water:										
Fire hydrants	1407	1,402	1,397	1,390	1,377	1,377	1,377	1,371	1,371	1,364
Storage capacity (millions of gallons)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Wastewater:										
Sanitary sewers (miles)	260	260	260	260	260	260	260	260	260	260
Treatment capacity (thousands of gallons)	14,250	14,250	14,250	11,100	11,100	11,100	11,100	11,100	11,100	11,100
Education:										
High schools	2	2	2	2	2	2	2	2	2	2
Middle schools	3	3	3	3	3	3	3	3	3	3
Elementary schools	8	8	9	9	9	9	9	9	9	9

Source: Various City Departments

TABLE 21

## CITY OF MILFORD, CONNECTICUT

## BUILDING PERMITS AND VALUE OF CONSTRUCTION

## LAST TEN FISCAL YEARS

Fiscal Year	Residential		Non-Residential		All Other(1)		Total	
	Number of Permits	Value*	Number of Permits	Value*	Number of Permits	Value*	Number of Permits	Value*
2003	99	\$ 17,228	9	\$ 5,559	3,294	\$ 36,994	3,402	\$ 59,781
2004	75	30,261	12	7,466	3,329	46,751	3,416	84,478
2005	239	20,022	11	11,967	4,776	101,128	5,026	133,117
2006	137	18,661	22	44,752	4,280	71,142	4,439	134,555
2007	105	23,228	17	37,456	3,814	86,541	3,936	147,225
2008	34	7,195	13	7,828	3,223	81,867	3,268	96,890
2009	29	6,444	18	4,786	1,165	27,692	1,212	38,922
2010	50	8,735	9	5,228	1067	36,720	1,126	50,683
2011	34	5,799	5	1,755	2,979	45,933	3,018	53,487
2012	33	5,614	2	2,835	3,377	54,638	3,412	63,087

(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.