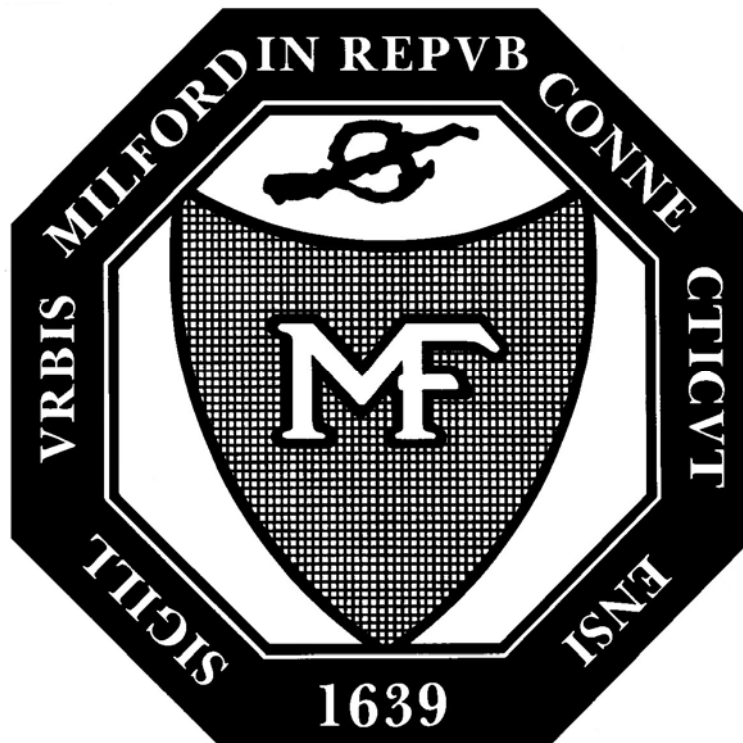


City of Milford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

City of Milford, Connecticut Connecticut

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:
City of Milford Finance Department

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

**ARIANE P. SWIFT
CITY ACCOUNTANT**

**CITY OF MILFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2016**

Introductory Section		Page
	Organizational Chart	i
	List of Principal Officials	ii
	Letter of Transmittal	iii-ix
	GFOA Certificate of Achievement	x
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
Basic Financial Statements		
Exhibit	Government-Wide Financial Statements:	
I	Statement of Net Position	12
II	Statement of Activities	13
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16-17
V	Statement of Net Position - Proprietary Funds	18
VI	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	19
VII	Statement of Cash Flows - Proprietary Funds	20
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	21
IX	Statement of Changes in Plan Net Position - Fiduciary Funds	22
	Notes to the Financial Statements	23-61
Required Supplementary Information		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	62-64
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	65-67
	Pension Fund:	
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios	68
RSI-4	Schedule of Employer Contributions	69
RSI-5	Schedule of Investment Returns	70
RSI-6	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	71
Supplemental, Combining and Individual Fund Statements and Schedules		
	General Fund:	
A-1	Comparative Balance Sheet	72
A-2	Report of Tax Collector	73
A-3	Board of Education Schedule of Expenditures and Encumbrances Compared with Appropriations	74-76

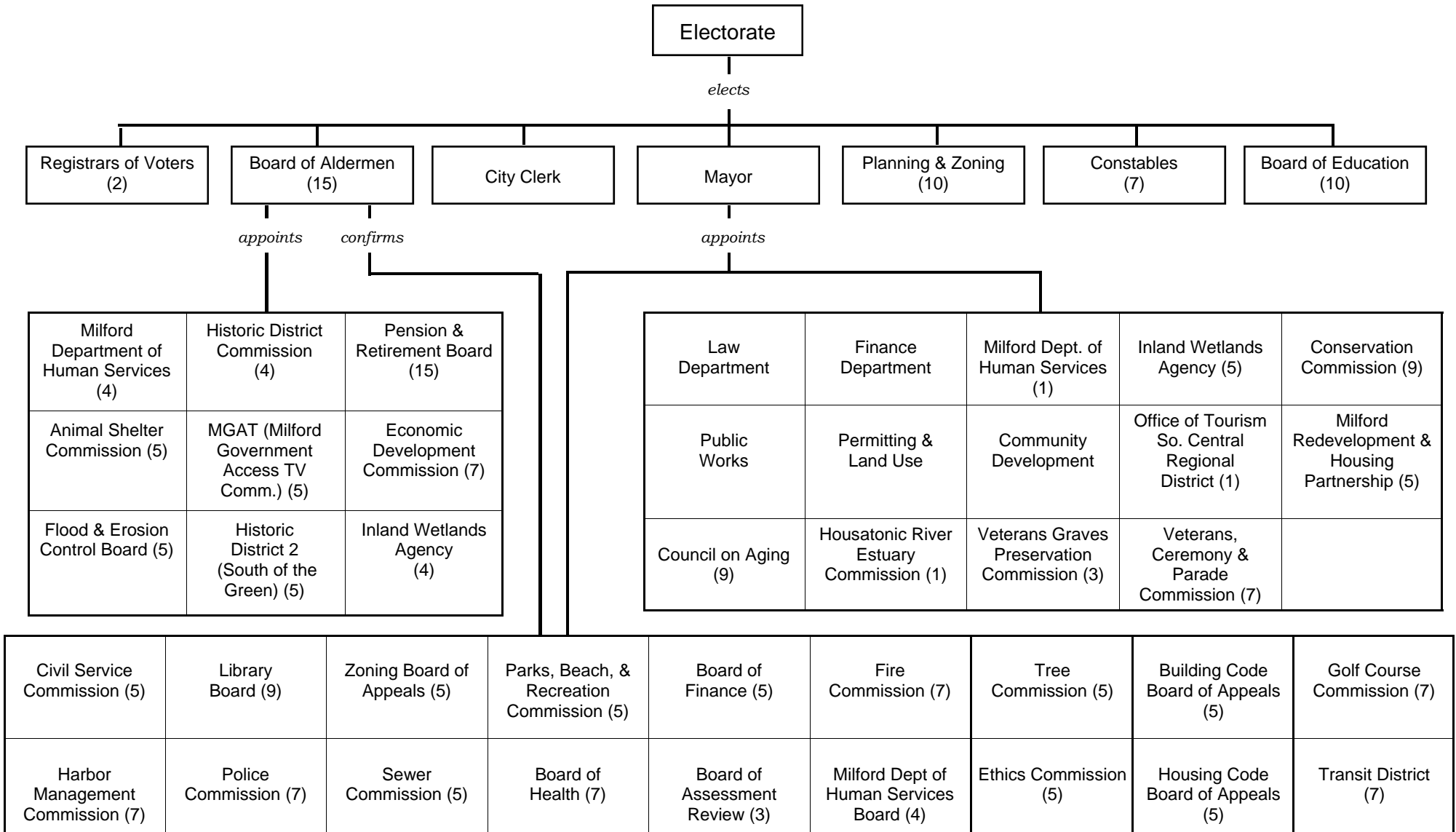
<u>Exhibit</u>		<u>Page</u>
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	77-78
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79-80
	Internal Service Funds:	
C-1	Combining Statement of Net Position	81
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	82
C-3	Combining Statement of Cash Flows	83
	Fiduciary Funds:	
	Agency Funds:	
D-1	Combining Balance Sheet	84
D-2	Combining Statement of Changes in Assets and Liabilities	85

Statistical Section

<u>Table</u>		
	Financial Trends:	
1	Net Position by Component - Last Ten Fiscal Years	86
2	Changes in Net Position - Last Ten Fiscal Years	87-88
3	Fund Balances, Governmental Funds - Last Ten Fiscal Years	89
4	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	90
5	Eight Year Summary of Audited Revenues and Expenditures, Next Fiscal Year Budget	91
6	Capital Improvement Program	92
	Revenue Capacity:	
7	Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	93
8	Principal Property Taxpayers	94
9	Property Tax Levies and Collections - Last Ten Fiscal Years	95
	Debt Capacity:	
10	Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	96
11	Schedule of Debt Limitation	97
12	Legal Debt Margin Information - Last Ten Fiscal Years	98
13	Debt Statement and Current Debt Ratios	99
14	Ratios of Net Long-Term Debt to Valuation, Population and Income - Last Ten Fiscal Years	100
15	Authorized But Unissued Debt	101-102
	Demographic and Economic Statistics:	
16	Demographic and Economic Statistics - Last Ten Calendar Years	103
17	Principal Employers	104
	Operating Information:	
18	Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	105
19	Operating Indicators by Function/Program - Last Ten Fiscal Years	106
20	Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	107
21	Building Permits and Value of Construction - Last Ten Fiscal Years	108

Introductory Section

City of Milford Organizational Chart



PRINCIPAL OFFICIALS

Mayor

Benjamin G. Blake

Board of Aldermen

Philip J. Vetro, Chair
Brian Bier
Anthony Giannattasio
Ellen Beatty
Janet A. Golden
Jeremy Grant
Dominick Veccharelli, Jr.
Martin B. Hardiman
Frank J. Smith
Michael S. Casey
Susan Shaw
Daniel J. German
Bill Bevan
Bryan N. Anderson
Raymond G. Vitali

Board of Education

Susan Glennon, Chair
Walter W. Hagedorn, II
Michael M. DeGrego
Jennifer Federico
Susan Krushinsky
Thomas Jagodzinski
Earl Whiskeyman
Dr. Jess Gregory
Suzanne L. DiBiase
Claire I. Casey

Appointed Officials

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



City of Milford, Connecticut

- Founded 1639 -

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

Office of the
Director of Finance

December 22, 2016

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, 2016 is hereby submitted. This report was prepared by the City's Department of Finance in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by various authoritative bodies through their publications, statements of position, and other pronouncements. These bodies include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, and the State of Connecticut Office of Policy and Management. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner that presents fairly the financial position and results of the operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Milford is required to undergo an annual federal single audit in compliance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this federal single audit, including the Schedule of Expenditures of Federal Awards and the independent auditors' reports on compliance and internal controls are included in a separately issued federal single audit report.

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

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

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

PROFILE OF THE GOVERNMENT

The City of Milford was founded in 1639 and covers a 23.5 square mile area on Long Island Sound at the mouth of the Housatonic River. The City lies almost equidistant between the cities of New Haven and Bridgeport. Contiguous to the towns of Stratford, Shelton, Orange, and West Haven, Milford is the fifth largest community in population in New Haven County and eighteenth in population size of the State of Connecticut's one hundred and sixty-nine cities and towns. Primarily a residential community, Milford's population is 53,039 (2010-2014 Census). Milford is served by many transportation facilities. Interstate 95 has seven Milford entrances/exits and Connecticut 15 (Merritt/Wilbur Cross Parkway) has two entrances/exits. U.S. 1 plus Connecticut Routes 121, 162, and numerous local roads and streets also serve the City. Inter-city passenger bus service is provided by Connecticut Transit and interstate service is provided by Greyhound. The New Haven Line, Amtrak and Metro North (Conrail) provide four east/west passenger/freight rails and two north/south freight rails. Passenger trains stop daily going to and coming from New York's Grand Central Station. Two airports serve Milford; Sikorsky Memorial Airport and Tweed-New Haven Airport.

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

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

ECONOMY AND FACTORS AFFECTING FINANCIAL CONDITION

Milford is located in a region with a diverse economic base. Residents' income is derived from education and health services organizations, manufacturing, professional and administrative services, and retail industries. The 2014 census data shows that Milford's median family income was \$99,238, compared to the State's \$88,217 and the median age of a Milford resident was 43.6 years.

The City's unemployment rate was 4.7 % through September 2016 as compared to the State of Connecticut at 5.1%. The increase in the unemployment rate from 4.5% to 4.7% over the past year is reflective of the current economy.

The City's tax base is stable with some moderate growth. The net taxable grand list of October 1, 2015 was \$6.4 billion which represents an increase of \$34 million over the grand list of October 1, 2014. This was primarily due to residential and commercial new construction. The top ten taxpayers have been relatively stable over the past two years and represent 7.79% of the grand list.

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

In 2015, the City of Milford business starts are at 388, holding strong as the prior year business starts were at 394, which is a 26% increase from 2013.

The redevelopment of 230 Cherry Street has reinvigorated the surrounding area with several pad sites dedicated to gas, retail and restaurants. The new ShopRite is 68,000-square-feet or 20 percent larger than the current store. The plaza, built on property vacant for 10 years, now includes Total Wine & More, the country's largest independent retailer of fine wine. The company operates in more than 120 superstores across 17 states and continues to grow. The store is located in a 25,000-square-foot retail space and opened in 2015. A pad site for a restaurant unit is under construction, a tenant has yet to be named. The plaza is expected to be fully occupied in 2017. The former ShopRite site at Cherry Street is generating much interest with a façade update of the entire plaza imminent and full occupancy not far behind.

On the employment front, retail, manufacturing and health care remain the top industry employment in Milford. Our residents are slowly but surely recovering from an economic recession. The latest unemployment figures from May 2016 show that Milford has a 4.7 % unemployment rate compared to 5.1% in State and 4.5% nationally. This is an incremental but important improvement since last May when Milford's unemployment rate was at 4.9%.

Housing and construction permits are additional signs of economic strength with Milford seeing monumental gains. Connecticut saw the number of new housing permits issued by its 169 municipalities last year increase by 14 percent compared to 2014. Only two New Haven County communities had more than 100 new housing units approved last year, Milford leading with 358 new housing units approved.

Real estate remains strong in Milford with close to 16 million sq. ft in commercial space. Ninety-two percent of that space is occupied with businesses ranging from small manufacturers to our larger corporate headquarters.

Over the last year, Milford's downtown saw a number of new businesses open. Advisra Consulting has opened a residential and commercial real estate brokerage office at 4 Broad Street on the historic Milford Green. The downtown also welcomes Hair by Camille, opened in the former Wanda's Sugar Shack. Other new ventures include Hamilton Connections and BBS Shave, a specialty men's shave shop at River Street, and El Barrio. Bloomer Biotech Investet Advisors LLC, a firm that invests in biotechnology companies, opened in 2015. We welcomed the new addition of Fonda La Paloma at the former Indigo site. At Schooner Lane we have the recent announcement of creative tech companies Round Scenic Route GPS Navigation app and Atomic Kids.

In Walnut Beach, the revitalization efforts, with a \$1 million state grant, are complete. These projects include a new streetscape on Naugatuck Avenue that includes a sidewalk of brick pavers, plantings, lampposts, banners, benches, bike racks and trash receptacles. Beach Shore Village, a formerly stalled project of condominiums and office/retail space, has matched streetscape improvements on Naugatuck Avenue and has begun construction on several new units as well as the marketing of rental space for new businesses. Beach Shore Village had dedicated funds to assist new business with façade improvements. The Walnut Beach Enhancement Committee recently approved another façade improvement at 36 Naugatuck Avenue. New businesses in the Walnut Beach area include Walnut Beach Wellness & Boutique, Backroom Bakery, Beach Party Balloons LLC on Broadway Street and Mack Chiropractic.

On Boston Post Road, Blue Egg Home, World of Beer, Give a Dog a Bath, PetValu, Bar Louie and CADO Modern Furniture opened at the Connecticut Post Mall and along the Boston Post Road. A new shopping center with a Panera Bread restaurant, a Sleep Number store, a Verizon store and REI as the anchor are among the businesses that have replaced the former Smiles Entertainment Center at 1595-1645 Boston Post Road.

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, 2015, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

THE OPERATING BUDGET

Guidelines

Budgetary Control

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

To aid in budgetary control, the City maintains an encumbrance accounting system to record obligations by line item for the General Fund, all capital project funds and all special revenue funds. Certification of funds availability is required prior to issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Encumbrances for goods and services that have not been received by June 30 of each year are reported as reservations of fund balance. Invoices will be paid in the next fiscal year against these encumbrances. The Mayor can authorize

budget transfers within a classification (Personal Services, Operating Expenses, Capital Outlay, etc.) of a department. All transfers between classifications in a department or between departments and all transfers into an account not approved at the budget vote must be justified to and approved by the Board of Finance and the Board of Aldermen.

Debt

The City's long-standing administrative policy is that debt service shall not exceed 10% of the respective year budget. For FY2016, debt service represents approximately 6.7% of the budget.

Use of Fund Balance

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

Budgetary and Long Term Financial Planning

The City officials are very mindful of the current economic circumstances, the level of taxes, and the need to balance them with the needs and expectations of the community. Historically, the City has completed bond refundings which have lowered debt service costs. Recently, the City completed a refunding in March 2016 yielding savings of \$874 thousand. The administration negotiated with its Police and Fire unions and worked with them to implement plan design changes to their pension agreements which will help to lower pension costs over the long term.

The City tries to conservatively budget revenues, particularly building permit fees, investment income, and conveyance fees. These revenues are highly dependent on the economy and market conditions. The City has also recognized the impacts of the economy on the State budget and is conservative in planning for State grants. For FY15 and FY16, the City planned for adjustments in certain grants and others with level funding. In FY16, state grants were budgeted at \$13.9 million and funded 6.9% of the City's budget. In FY15, state grants were budgeted at \$14.3 million, which was 7.2% of the budget. The Education Cost Sharing Grant, which is a major grant for the City, did not change from \$11.4 million budgeted in FY15 to \$11.4 million budgeted in FY16.

The City aims to keep expenses to the lowest amount possible and still provide adequate services. The City negotiated a wage increase of 2.25% for FY16 for most City unions and gave the same to the non-represented employees. In FY15 and FY16, the Education Operations (EO) budget increased 0.4% and 2% and the City's budget increased 3.7% and 1.9% respectively. Some of the key reasons for the City's increase were as follows: a \$600 thousand increase in the pension annual contribution, a \$210 thousand increase in debt service, and approximately \$907 thousand in contractual wage increases for City employees. Each year, the City works to implement changes which will result in expenditure savings as well, including a new trash collection program that began in 2016.

The long-term plan for the City is to continue with a business friendly environment to encourage development/redevelopment of properties. The City will only have minimal, if any, personnel increases. Labor contracts for four of the nine City unions, including Public Works were renegotiated and will expire on June 30, 2019. These contracts include a premium cost share on an increasing sliding scale for all employees who contribute to the cost of their health insurance (Police already had a premium cost share implemented). They also include a Health Savings Account plan for new hires. The City will have to balance fixed asset and infrastructure maintenance/improvements while keeping debt service at a manageable level. The City plans to continue funding of the pension plans. The City will continue compiling a five-year capital plan and a five-year vehicle and equipment replacement schedule.

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

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

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

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

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

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

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

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

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

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

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

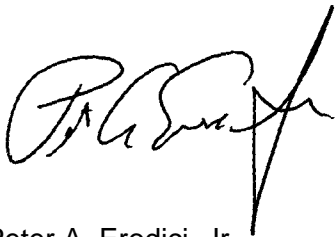
Certificate of Achievement for Excellence in Financial Reporting. The government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Milford for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

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

Peter A. Erodici, Jr.
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Milford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
City of Milford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Milford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Milford, Connecticut, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 62 through 67 and the pension schedules on pages 68 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Milford, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 21, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet and Internal Service Fund financial statements as of and for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying General Fund balance sheet and Internal Service Fund financial statements have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet and Internal Service Fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 on our consideration of the City of Milford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Milford, Connecticut's internal control over financial reporting and compliance

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2016

**CITY OF MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. This is the fourteenth year of reporting in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

Financial Highlights

- The City's net position decreased overall as a result of this year's operations. Net position of our business-type activities increased by \$24 thousand and net position of our governmental activities decreased by \$3.9 million. The business activities net position increase was attributable to increased usage of the Marina and Golf Course. The governmental activities decrease in net position was attributable to higher education costs along with an increase in costs related to retiree benefits, namely pension and retiree health insurance.
- During the year, the City had expenses that were \$3.9 million more than the \$255 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$259 million with no new programs added this year.
- The General Fund reported a total fund balance this year of \$29.9 million and unassigned fund balance of \$20.7 million.
- The resources available for appropriation were \$879 thousand more than budgeted for the General Fund. Expenditures were \$3.4 million less than final appropriations.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Health, Workers' Compensation, and Property and Casualty Internal Service Funds.
- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other postemployment benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The City's combined net position decreased from \$94.9 million to \$91 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 106,363	\$ 96,471	\$ 534	\$ 580	\$ 106,897	\$ 97,051
Capital assets	366,338	350,664	3,444	3,361	369,782	354,025
Total assets	<u>472,701</u>	<u>447,135</u>	<u>3,978</u>	<u>3,941</u>	<u>476,679</u>	<u>451,076</u>
Deferred outflows of resources	56,956	33,597			56,956	33,597
Long-term debt outstanding	399,384	350,646			399,384	350,646
Other liabilities	38,945	35,246	24	11	38,969	35,257
Total liabilities	<u>438,329</u>	<u>385,892</u>	<u>24</u>	<u>11</u>	<u>438,353</u>	<u>385,903</u>
Deferred inflows of resources	4,291	3,873			4,291	3,873
Net position:						
Net investments in capital assets	194,944	174,139	3,444	3,361	198,388	177,500
Restricted	278	280			278	280
Unrestricted	<u>(108,185)</u>	<u>(83,452)</u>	<u>510</u>	<u>569</u>	<u>(107,675)</u>	<u>(82,883)</u>
Total Net Position	<u>\$ 87,037</u>	<u>\$ 90,967</u>	<u>\$ 3,954</u>	<u>\$ 3,930</u>	<u>\$ 90,991</u>	<u>\$ 94,897</u>

Net position of the City's governmental activities decreased 4.3% (\$87 million compared to \$91 million). Unrestricted net position - the part of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a deficit of \$108 million at the end of this year. Key reasons for this change in net position are the increase in the OPEB obligation for the City and Board of Education as well as pension obligations for the City.

There was a 0.6% increase (\$3.95 million compared to \$3.93 million in the net position of business-type activities from 2015 to 2016.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 10,408	\$ 9,812	\$ 335	\$ 327	\$ 10,743	\$ 10,139
Operating grants and contributions	31,072	29,527	26		31,098	29,527
Capital grants and contributions	18,527	3,046		272	18,527	3,318
General revenues:						
Property taxes	185,435	180,864			185,435	180,864
Grants and contributions not restricted to specific purposes	9,125	8,321			9,125	8,321
Unrestricted investment earnings	188	49	1	1	189	50
Other general revenues	210	195			210	195
Total revenues	<u>254,965</u>	<u>231,814</u>	<u>362</u>	<u>600</u>	<u>255,327</u>	<u>232,414</u>
Expenses:						
General government	22,299	16,077			22,299	16,077
Administration	3,280	3,882			3,280	3,882
Public safety	38,986	38,754			38,986	38,754
Public services	27,559	18,586			27,559	18,586
Education	159,930	149,823			159,930	149,823
Health and welfare	4,054	4,183			4,054	4,183
Interest on long-term debt	2,810	4,653			2,810	4,653
Milford Golf Course			81	64	81	64
Harbor management			234	235	234	235
Total program expenses	<u>258,918</u>	<u>235,958</u>	<u>315</u>	<u>299</u>	<u>259,233</u>	<u>236,257</u>
Transfers in (out)	<u>23</u>	<u>10</u>	<u>(23)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(3,930)	(4,134)	24	291	(3,906)	(3,843)
Beginning Net Position	<u>90,967</u>	<u>95,101</u>	<u>3,930</u>	<u>3,639</u>	<u>94,897</u>	<u>98,740</u>
Ending Net Position	\$ <u>87,037</u>	\$ <u>90,967</u>	\$ <u>3,954</u>	\$ <u>3,930</u>	\$ <u>90,991</u>	\$ <u>94,897</u>

The City's total revenues were \$255 million. The total cost of all programs and services was \$259 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's revenues increased by \$22 million from 2015. Most of the increase is attributable to property tax revenue, charges for services, and capital or operating grants.

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

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Public safety	\$ 38,986	\$ 38,754	\$ 34,970	\$ 34,517
Public services	27,559	18,586	16,738	13,883
Education	159,930	149,823	118,767	120,264
All others	32,443	28,795	28,436	24,909
Totals	\$ <u>258,918</u>	\$ <u>235,958</u>	\$ <u>198,911</u>	\$ <u>193,573</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) decreased by 40% (\$362 thousand in 2016 compared to \$600 thousand in 2015) and expenses increased by 5.3% (\$315 thousand in 2016 versus \$299 thousand in 2015).

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 \$33.6 million, which is an increase of \$5.7 million over last year's fund balance of \$27.9 million. Included in this year's total change in fund balance, is an increase of \$4.8 million in the general fund. The primary reasons for the General Fund's increase in fund balance are higher than expected tax and other fee revenue, as well as expenditures which were lower than budget. Because \$3.5 million of general fund balance was assigned in 2015 to support the 2016 budget, property tax revenue growth was moderated. In addition, the City's EMS billing program has been growing, the City Clerk's office saw an increase in conveyance taxes collected, and the building department has seen a surge in building inspection fee revenue. On the expenditure side, the City carefully monitored expenditures throughout the year and generated savings across most departments. Employee vacancies, due to turnover or retirements in several departments, also led to budget surpluses in the wage line items.

Proprietary Funds

The Internal Service Funds' net position increased \$1.8 million primarily due to lower than expected healthcare claims expense in the health insurance fund. The Enterprise Funds' net position increased from last year by \$24 thousand mainly due to a capital contribution for capital projects at Milford Harbor or Marina

General Fund Budgetary Highlights

- General Property Taxes and Assessments - property tax and assessment revenue was greater than budgeted by \$2.9 million due to a higher collection rate than was used in the budget and collection of delinquent taxes.
- State aid revenue was less than budgeted by \$323 thousand. This was mainly due to a reduction in the PILOT grant for State-owned property. Investment Income - revenues from the investment of idle funds were more than budgeted by \$115 thousand due to slightly higher interest rates and more money on deposit in the Connecticut Short Term Investment Fund.
- Other Revenue was \$83 thousand greater than budget due to an increase in miscellaneous other revenues.
- Licenses, Permits and Other Charges were \$1.5 million above budget mainly due to higher than anticipated conveyance taxes, paramedic fees, building inspection fees, and recycling revenues. These income categories are directly related to the economy and population, and can fluctuate.
- Department Expenditures - Expenditure controls were put into place throughout the fiscal year, including continued monitoring of new hiring, overtime, and purchase requisitions, which resulted in an overall budget surplus of \$3 million on the expenditure side.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2016, the City's governmental activities had \$366 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 \$15 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 42.4	\$ 36.9	\$ 1.7	\$ 1.7	\$ 44.1	\$ 38.6
Construction in progress	142.3	130.3			142.3	130.3
Buildings and improvements	113.2	114.6	1.6	1.5	114.8	116.1
Machinery and equipment	13.3	12.8	0.2	0.2	13.5	13.0
Infrastructure	55.2	56.0			55.2	56.0
Totals	\$ <u>366.3</u>	\$ <u>350.7</u>	\$ <u>3.4</u>	\$ <u>3.4</u>	\$ <u>369.8</u>	\$ <u>354.1</u>

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

Police Equipment and Vehicles	\$ 452
Public Works Equipment and Vehicles	679
Fire Department Equipment and Vehicles	254
Telephone System	258
Land - 159 High Street	251
Land - 60 Helwig Street	253
Land - 44-64 River Street	3,908
Land - 145 High Street	910
Land - Railroad Avenue	180
East Shore Middle School Phase III Renovations	522
Foran Asbestor & Tile Replacement	439
Public Works Garage Roof Replacement	470
Naugatuck Avenue Drainage Improvements - CIP	1,919
Multipurpose Athletics Field YMCA - CIP	344
Recreation Courts - CIP	177
School Additions and Renovations - CIP	6,812
Sewer - CIP	<u>3,811</u>
	<u>\$ 21,639</u>

The City's fiscal-year 2016-2017 capital plan has \$46 million of capital projects planned. School building renovations are estimated at \$9 million, sewer projects at \$6 million, and public service projects at \$31 million. However, a \$20 million new police station is still in the planning stages and will not be completed in FY17. Of the total estimated \$46 million, it is expected to finance \$41.7 million with bonds and \$4.4 million with grants. It is likely that not all projects will be implemented - resulting in a lower level of cost. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2016, the City had \$168.6 million in bonds and notes outstanding versus \$174.3 million last year - a decrease of 3.3% - as shown in Table 5. Additional detail on the City's long-term debt can be found in Note 7.

Table 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	2016	2015
General obligation bonds (backed by the City)	\$ 121,805	\$ 123,580
Bond anticipation notes (backed by the City)	15,675	17,390
Long-term note payable	<u>31,154</u>	<u>33,289</u>
Totals	<u>\$ 168,634</u>	<u>\$ 174,259</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 2016 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 remained relatively stable from 4.5% to 4.7%. In comparison, the figures for the State of Connecticut also have remained relatively stable at 5.1%.

These indicators were taken into account when adopting the General Fund budget for 2016-2017. The adopted budget for FY 2017 is \$204 million, an increase of 1.1% over the final 2016 budget of \$202 million. No new programs or initiatives were added to the 2017 budget. State grants were assumed to fund 7.4% of the 2017 budget as compared to 6.9% of the 2016 budget.

If estimates are realized, the City's June 30, 2017 budgetary General Fund balance is expected to be \$3.5 million lower than the June 30, 2016 budgetary General Fund balance because of the use of that amount to balance the budget. As for the City's business-type activities, we expect that the 2016-2017 results will improve due to increased usage of the golf course and marina.

Contacting the City's Financial Management

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

Basic Financial Statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2016
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 90,507	\$ 510	\$ 91,017
Investments	118		118
Receivables, net	15,711		15,711
Internal balances	(24)	24	
Inventory	30		30
Prepaid items and other assets	21		21
Capital assets:			
Capital assets not being depreciated	184,674	1,654	186,328
Capital assets being depreciated, net	181,664	1,790	183,454
Total assets	472,701	3,978	476,679
Deferred Outflows of Resources:			
Deferred charge on refunding	4,318		4,318
Changes in pension actuarial assumptions	11,795		11,795
Changes in pension projected investment earnings	40,843		40,843
Total deferred outflows of resources	56,956	-	56,956
Liabilities:			
Accounts and other payables	21,571	24	21,595
Unearned revenue	855		855
Due to other governments	844		844
Bond anticipation notes payable	15,675		15,675
Noncurrent liabilities:			
Due within one year	17,438		17,438
Due in more than one year	381,946		381,946
Total liabilities	438,329	24	438,353
Deferred Inflows of Resources:			
Advance property tax collection	1,770		1,770
Advance sewer collections	112		112
Changes in pension actuarial experience	2,409		2,409
Total deferred inflows of resources	4,291	-	4,291
Net Position:			
Net investments in capital assets	194,944	3,444	198,388
Restricted for:			
Trust purposes:			
Expendable	278		278
Unrestricted	(108,185)	510	(107,675)
Total Net Position	\$ 87,037	\$ 3,954	\$ 90,991

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 22,299	\$ 1,858	\$ 624	\$ 10	\$ (19,807)	\$	\$ (19,807)
Administration	3,280				(3,280)		(3,280)
Public safety	38,986	3,561	455		(34,970)		(34,970)
Public services	27,559	1,778	541	8,502	(16,738)		(16,738)
Education	159,930	2,672	28,476	10,015	(118,767)		(118,767)
Health and welfare	4,054	539	976		(2,539)		(2,539)
Interest on long-term debt	2,810				(2,810)		(2,810)
Total governmental activities	<u>258,918</u>	<u>10,408</u>	<u>31,072</u>	<u>18,527</u>	<u>(198,911)</u>	<u>-</u>	<u>(198,911)</u>
Business-type activities:							
Milford Golf Course	81	87				6	6
Harbor Management	234	248	26			40	40
Total business-type activities	<u>315</u>	<u>335</u>	<u>26</u>		<u>-</u>	<u>46</u>	<u>46</u>
Total	<u>\$ 259,233</u>	<u>\$ 10,743</u>	<u>\$ 31,098</u>	<u>\$ 18,527</u>	<u>(198,911)</u>	<u>46</u>	<u>(198,865)</u>
General revenues:							
Property taxes					185,435		185,435
Grants and contributions not restricted to specific programs					9,125		9,125
Unrestricted investment earnings					188	1	189
Other general revenues					210		210
Transfers					23	(23)	-
Total general revenues and transfers					<u>194,981</u>	<u>(22)</u>	<u>194,959</u>
Change in net position					(3,930)	24	(3,906)
Net position at Beginning of Year					<u>90,967</u>	<u>3,930</u>	<u>94,897</u>
Net Position at End of Year					<u>\$ 87,037</u>	<u>\$ 3,954</u>	<u>\$ 90,991</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016
(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>
ASSETS							
Cash and cash equivalents	\$ 44,218	\$ 4,744	\$ 8,396	\$ 499	\$ 1,143	\$ 11,417	\$ 70,417
Investments	118						118
Receivables, net	13,613	217	1,346			340	15,516
Due from other funds	2,397	117	85		2,593	71	5,263
Inventories						30	30
Prepaid items and other assets	21						21
Total Assets	<u>\$ 60,367</u>	<u>\$ 5,078</u>	<u>\$ 9,827</u>	<u>\$ 499</u>	<u>\$ 3,736</u>	<u>\$ 11,858</u>	<u>\$ 91,365</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 12,463	\$ 482	\$ 1,746	\$ 446	\$ 3,137	\$ 1,548	\$ 19,822
Other liabilities			216	240	289		745
Due to other governments	826		18				844
Due to other funds	2,932	287	1,276	423	81	425	5,424
Unearned revenue	93		754			8	855
Bond anticipation notes payable			5,610	2,525	6,291	1,249	15,675
Total liabilities	<u>16,314</u>	<u>769</u>	<u>9,620</u>	<u>3,634</u>	<u>9,798</u>	<u>3,230</u>	<u>43,365</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	7,508						7,508
Unavailable revenue - property taxes interest	4,546						4,546
Unavailable revenue - special assessments	62	142					204
Unavailable revenue - school building construction receivable	294						294
Advance sewer collections		112					112
Advance property tax collections	1,770						1,770
Total deferred inflows of resources	<u>14,180</u>	<u>254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,434</u>
Fund balances:							
Nonspendable	21					30	51
Restricted						358	358
Committed	1,090	4,055	207			9,962	15,314
Assigned	8,094						8,094
Unassigned	20,668			(3,135)	(6,062)	(1,722)	9,749
Total fund balances	<u>29,873</u>	<u>4,055</u>	<u>207</u>	<u>(3,135)</u>	<u>(6,062)</u>	<u>8,628</u>	<u>33,566</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,367</u>	<u>\$ 5,078</u>	<u>\$ 9,827</u>	<u>\$ 499</u>	<u>\$ 3,736</u>	<u>\$ 11,858</u>	<u>\$ 91,365</u>

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CITY OF MILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 33,566
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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	\$ 512,647	
Less accumulated depreciation	(146,309)	
Net capital assets		366,338

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

Property tax receivables greater than 60 days	7,508
Interest receivable on property taxes	4,546
Assessments receivable	204
Interest receivable on assessments	96
Receivable from the state for school construction projects	294
Deferred outflows related to changes in pension actuarial assumptions	11,795
Deferred outflows related to changes in projected pension investment earnings	40,843

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

14,772

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

Bonds and notes payable	(152,959)
Interest payable on bonds and notes	(736)
Compensated absences	(14,279)
Net OPEB obligation	(144,624)
Bond premium	(7,078)
Net pension liability	(75,158)
Deferred inflows related to changes in actuarial experience	(2,409)
Deferred charges on refunding	4,318

Net Position of Governmental Activities (Exhibit I)	\$ <u>87,037</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, 2016
(In Thousands)

	General	Sewer Fund	Capital Nonrecurring Fund	Sanitary Sewer Fund	School Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes and assessments	\$ 177,034	\$ 7,179	\$	\$	\$	\$	\$ 184,213
Fines, forfeitures, penalties and interest	1,244	49					1,293
Intergovernmental	25,086		8,474		10,209	7,462	51,231
Charges for services	3,727	100	492			3,980	8,299
Investment income	191	17	19			16	243
Other	7,362	600				2,183	10,145
Total revenues	<u>214,644</u>	<u>7,945</u>	<u>8,985</u>	<u>-</u>	<u>10,209</u>	<u>13,641</u>	<u>255,424</u>
Expenditures:							
Current:							
General government	3,951					824	4,775
Administration	2,493						2,493
Public safety	25,376					2,127	27,503
Public services	11,832					750	12,582
Education	124,576					11,242	135,818
Health and welfare	1,640					2,186	3,826
General charges	23,832						23,832
Grants to agencies	2,606						2,606
Capital outlay		5,783	16,603	2,989	4,639		30,014
Debt service	13,466	1,683	5			325	15,479
Total expenditures	<u>209,772</u>	<u>7,466</u>	<u>16,608</u>	<u>2,989</u>	<u>4,639</u>	<u>17,454</u>	<u>258,928</u>
Excess (deficiency) of revenues over expenditures	<u>4,872</u>	<u>479</u>	<u>(7,623)</u>	<u>(2,989)</u>	<u>5,570</u>	<u>(3,813)</u>	<u>(3,504)</u>
Other financing sources (uses):							
Issuance of bonds and notes			2,555	4,070	216	1,509	8,350
Premium on bond issuance	396						396
Premium on bond anticipation notes	160						160
Refunding bond issuance	16,015						16,015
Premium on refunding bonds	2,835						2,835
Payment to refunded bond escrow agent	(18,698)						(18,698)
Transfers in			2,659			506	3,165
Transfers out	(815)	(1,040)				(1,185)	(3,040)
Total other financing sources (uses)	<u>(107)</u>	<u>(1,040)</u>	<u>5,214</u>	<u>4,070</u>	<u>216</u>	<u>830</u>	<u>9,183</u>
Net change in fund balances	4,765	(561)	(2,409)	1,081	5,786	(2,983)	5,679
Fund balances, July 1, 2015	<u>25,108</u>	<u>4,616</u>	<u>2,616</u>	<u>(4,216)</u>	<u>(11,848)</u>	<u>11,611</u>	<u>27,887</u>
Fund Balances, June 30, 2016	<u>\$ 29,873</u>	<u>\$ 4,055</u>	<u>\$ 207</u>	<u>\$ (3,135)</u>	<u>\$ (6,062)</u>	<u>\$ 8,628</u>	<u>\$ 33,566</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 5,679
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	20,888
Depreciation expense	(5,214)

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	(194)
Property tax receivable - accrual basis change	512
Property tax interest and lien revenue - accrual basis change	(584)
Sewer assessment receivable and interest - accrual basis change	(34)
Sewer assessment interest receivable - accrual change	13
Deferred outflows related to changes in pension actuarial assumptions	3,981
Deferred outflows related to changes in projected pension investment earnings	16,945

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

Bond and note principal payments	12,184
Premium on general obligation bonds	(396)
Payments to bond refunding agent	18,698
Issuance of bonds and notes	(8,350)
Refunding bonds issued	(16,015)
Premium on refunding bonds	(2,835)

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	102
Accrued interest	(39)
Net OPEB expense	(12,154)
Amortization of bond premium	304
Net pension liability	(37,341)
Deferred inflows related to changes in actuarial experience	(1,663)
Deferred charges on refunding	(174)

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

1,757

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(3,930)</u>
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The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016
(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Assets:				
Current:				
Cash and cash equivalents	\$ 55	\$ 455	\$ 510	\$ 20,090
Receivables, net				99
Due from other funds	24		24	137
Total current assets	<u>79</u>	<u>455</u>	<u>534</u>	<u>20,326</u>
Capital assets, net	2,127	1,317	3,444	
Total assets	<u>2,206</u>	<u>1,772</u>	<u>3,978</u>	<u>20,326</u>
Liabilities:				
Current:				
Accounts payable and accrued liabilities	8	16	24	268
Noncurrent:				
Due within one year:				
Risk management claims				<u>5,286</u>
Total liabilities	<u>8</u>	<u>16</u>	<u>24</u>	<u>5,554</u>
Net Position:				
Invested in capital assets	2,127	1,317	3,444	
Unrestricted	<u>71</u>	<u>439</u>	<u>510</u>	<u>14,772</u>
Total Net Position	<u>\$ 2,198</u>	<u>\$ 1,756</u>	<u>\$ 3,954</u>	<u>\$ 14,772</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Business-Type Activities			Governmental Activities
	Milford Golf Course	Harbor Management	Total	Internal Service
Operating revenues:				
Employer contributions	\$	\$	\$	\$ 33,384
Charges for services	87	248	335	6,255
Other		26	26	326
Total operating revenues	<u>87</u>	<u>274</u>	<u>361</u>	<u>39,965</u>
Operating expenses:				
Health and welfare	56	214	270	
Depreciation	25	20	45	
Insurance premiums and claims expense			-	38,208
Total operating expenses	<u>81</u>	<u>234</u>	<u>315</u>	<u>38,208</u>
Operating income (loss)	6	40	46	1,757
Nonoperating revenue:				
Interest income		1	1	
Income (loss) before capital contributions and transfers	<u>6</u>	<u>41</u>	<u>47</u>	<u>1,757</u>
Capital contributions and transfers:				
Capital contribution	102		102	
Transfers out	(88)	(37)	(125)	
Total capital contributions and transfers	<u>14</u>	<u>(37)</u>	<u>(23)</u>	
Change in net position	20	4	24	1,757
Total net position, beginning of year	<u>2,178</u>	<u>1,752</u>	<u>3,930</u>	<u>13,015</u>
Total Net Position, End of Year	<u>\$ 2,198</u>	<u>\$ 1,756</u>	<u>\$ 3,954</u>	<u>\$ 14,772</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, 2016
(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	\$ 87	\$ 274	\$ 361	\$ 40,380
Cash paid to employees		(208)	(208)	
Cash paid to vendors	(49)		(49)	
Cash payments for claims paid				(37,825)
Net cash provided by (used in) operating activities	<u>38</u>	<u>66</u>	<u>104</u>	<u>2,555</u>
Cash flows to/from noncapital financing activities:				
Transfers to/from other funds	<u>(88)</u>	<u>(37)</u>	<u>(125)</u>	
Cash flows to/from capital activities:				
Purchase of capital assets		<u>(26)</u>		
Cash flows from investing activities:				
Interest and dividends received		<u>1</u>	<u>1</u>	
Net increase (decrease) in cash and cash equivalents	(50)	4	(20)	2,555
Cash and cash equivalents at beginning of year	<u>105</u>	<u>451</u>	<u>556</u>	<u>17,535</u>
Cash and Cash Equivalents at End of Year	<u>\$ 55</u>	<u>\$ 455</u>	<u>\$ 510</u>	<u>\$ 20,090</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 6	\$ 40	\$ 46	\$ 1,757
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	25	20	45	
(Increase) decrease in accounts receivable	24		24	413
(Increase) decrease in due from other funds	(24)		(24)	2
Increase (decrease) in accounts payable and accrued liabilities	7	6	13	397
Increase (decrease) in due to other funds				(14)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 38</u>	<u>\$ 66</u>	<u>\$ 104</u>	<u>\$ 2,555</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ <u>24,138</u>	\$ <u>1,693</u>
Investments:		
Certificate of deposits		116
Corporate bonds	30,685	
U.S. government obligations	7,629	
Marketable equity securities	116,413	
Asset backed securities	15,046	
Alternative investments	108,479	
Mutual funds	18,081	
Total investments	<u>296,333</u>	<u>116</u>
Total assets	<u>320,471</u>	\$ <u><u>1,809</u></u>
Liabilities:		
Accounts and other payables	367	\$ -
Due to employees and students		<u>1,809</u>
Total liabilities	<u>367</u>	\$ <u><u>1,809</u></u>
Net Position:		
Restricted for Pension and OPEB Benefits	\$ <u><u>320,104</u></u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILFORD, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Plan members	\$ 2,672
Employer-current year	16,570
Employer-additional	501
Total contributions	<u>19,743</u>
Miscellaneous	<u>47</u>
Investment income (loss):	
Net change in fair value of investments	(484)
Interest and dividends	<u>(160)</u>
Total investment loss	<u>(644)</u>
Less investment expense	<u>2,704</u>
Net investment loss	<u>(3,348)</u>
Total additions	<u>16,442</u>
Deductions:	
Benefit payments and withdrawals	36,070
Administration	143
Total deductions	<u>36,213</u>
Change in net position	(19,771)
Net position, beginning of year	<u>339,875</u>
Net Position, End of Year	<u>\$ 320,104</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

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

The City reports the following major governmental funds:

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

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

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

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

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

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

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

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

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

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

Real estate, motor vehicle and personal property accounts are no longer collectible 15 years after the due date in accordance with State Statutes. A total of \$1.038 million has been established as an allowance for uncollectible taxes and interest.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

I. Compensated Absences

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

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

J. Net Pension Liability

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

Net Investments in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

M. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Prior to February 1, the Mayor and the Board of Education submit proposed budgets for their respective shares of the General Fund to the Board of Finance. Prior to April 1, the Board of Finance submits to the Board of Aldermen the proposed fiscal budget. The Board of Aldermen then holds hearings on the Board of Finance's proposed budget. The Board of Aldermen may reduce or delete any item contained in the Board of Finance's budget by a simple majority. The Board of Aldermen may increase or add to any item in the Board of Finance budget by a two-thirds vote. The Board of Aldermen adopts the budget for the following fiscal year and sets the mill rate. This budget, at the department level, becomes the legal level of control. For management purposes, the Mayor is authorized to transfer budgeted amounts between like categories of line items within individual budgeted departments. All other transfers, as well as additional appropriations, must first be approved by the Board of Finance and then by the Board of Aldermen. Additional appropriations of \$226 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.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

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

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year whereas they are shown as an assigned fund balance on a GAAP basis of accounting.
- In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the City reports on-behalf contributions made by the State of Connecticut to the Connecticut State Teachers' Retirement System as revenue and expenditures for GAAP purposes.
- At the end of each fiscal year, the Board of Education's summer payroll is charged to the subsequent year's budget. As these expenditures should be accrued, this adjustment is necessary to properly record expenditures on a GAAP basis.
- Bond refunding transactions are reported on a GAAP basis, but not on budgetary basis.

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2016:

	<u>Amount</u>
Major:	
School Facilities Fund	\$ 6,063
Sanitary Sewer Fund	3,136
Nonmajor:	
Community Development	97
School Renovations	1,625

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$55,720 of the City’s bank balance of \$59,919 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 49,750
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>5,970</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 55,720</u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

Cash Equivalents

At June 30, 2016, the City's cash equivalents amounted to \$57,920. 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.

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

Investments

As of June 30, 2016, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Asset-backed securities	NR	\$ 15,046	\$	\$ 1,827	\$ 13,219
U.S. Government	AAA	7,629		1,823	5,806
Corporate bonds	Aaa-Aa3	4,904	1,606	479	2,819
Corporate bonds	A1-A3	4,336	994	2,000	1,342
Corporate bonds	Baa1-Baa3	11,225	1,112	9,169	944
Corporate bonds	Ba1-Ba3	7,210	896	6,314	
Corporate bonds	B1-B3	1,867	1,290	577	
Corporate bonds	Caa3	460	460		
Corporate bonds	NR	683	178	505	
Certificates of deposit	*	234	116	118	
Total		53,594	\$ 6,652	\$ 22,812	\$ 24,130
Other investments:					
Equities		116,413			
Alternative investments		108,479			
Mutual funds		18,081			
Total Investments		\$ 296,567			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2016, 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.

The City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurement		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 7,629	\$ 7,629	\$	\$
U.S. Government agencies	15,046	15,046		
Corporate bonds	30,685	30,685		
Equity securities	116,413	116,413		
Mutual funds	18,081	18,081		
Alternative investments	20,583		20,583	
Total investments by fair value level	208,437	\$ 187,854	\$ 20,583	\$ -
Investments measured at net asset value (NAV):				
Alternative Investments	87,896			
Certificates of deposit	234			
Total Investments	\$ 296,567			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 investments.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equity Hedge Funds	\$ 19,512		Quarterly	45 days
Equity Hedge Funds	16,262		Annually	60 days
Equity Hedge Funds	4,664		Monthly	185 days
Equity Hedge Funds	5,326		Quarterly	90 days
Equity Hedge Funds	26,220		Quarterly	60 days
Equity Hedge Funds	<u>15,912</u>		N/A	
Total Investments Valued at NAV	<u>\$ 87,896</u>			

Equity Hedge Funds

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

4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor and Aggregate Remaining Funds</u>	<u>Total</u>
Receivables:					
Taxes and interest	\$ 14,104	\$ 217	\$	\$	\$ 14,321
Accounts	185			283	468
Special assessments	68				68
Intergovernmental	<u>294</u>		<u>1,346</u>	<u>156</u>	<u>1,796</u>
Gross receivables	14,651	<u>217</u>	<u>1,346</u>	<u>439</u>	<u>16,653</u>
Less allowance for uncollectibles:	<u>(1,038)</u>				<u>(1,038)</u>
Net Total Receivables	<u>\$ 13,613</u>	<u>\$ 217</u>	<u>\$ 1,346</u>	<u>\$ 439</u>	<u>\$ 15,615</u>

The above table does not include interest on sewer assessments of \$96.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 36,949	\$ 5,589	\$ (116)	\$	\$ 42,422
Construction in progress	130,327	13,640		(1,715)	142,252
Total capital assets not being depreciated	<u>167,276</u>	<u>19,229</u>	<u>(116)</u>	<u>(1,715)</u>	<u>184,674</u>
Capital assets being depreciated:					
Buildings and improvements	172,148			1,431	173,579
Improvements other than buildings	7,946	24			7,970
Machinery and equipment	43,022	1,853	(769)		44,106
Infrastructure	102,136			182	102,318
Total capital assets being depreciated	<u>325,252</u>	<u>1,877</u>	<u>(769)</u>	<u>1,613</u>	<u>327,973</u>
Less accumulated depreciation for:					
Buildings and improvements	(64,025)	(2,591)			(66,616)
Improvements other than buildings	(1,500)	(242)			(1,742)
Machinery and equipment	(30,207)	(1,391)	769		(30,829)
Infrastructure	(46,132)	(990)			(47,122)
Total accumulated depreciation	<u>(141,864)</u>	<u>(5,214)</u>	<u>769</u>	<u>-</u>	<u>(146,309)</u>
Total capital assets being depreciated, net	<u>183,388</u>	<u>(3,337)</u>	<u>-</u>	<u>1,613</u>	<u>181,664</u>
Governmental Activities Capital Assets, Net	<u>\$ 350,664</u>	<u>\$ 15,892</u>	<u>\$ (116)</u>	<u>\$ (102)</u>	<u>\$ 366,338</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,654	\$	\$	\$	\$ 1,654
Capital assets being depreciated:					
Buildings and system	740	26		102	868
Improvements other than buildings	1,230				1,230
Machinery and equipment	693				693
Total capital assets being depreciated	<u>2,663</u>	<u>26</u>	<u>-</u>	<u>102</u>	<u>2,791</u>
Less accumulated depreciation for:					
Buildings and system	(296)	(22)			(318)
Improvements other than buildings	(163)	(7)			(170)
Machinery and equipment	(497)	(16)			(513)
Total accumulated depreciation	<u>(956)</u>	<u>(45)</u>	<u>-</u>	<u>-</u>	<u>(1,001)</u>
Total capital assets being depreciated, net	<u>1,707</u>	<u>(19)</u>	<u>-</u>	<u>102</u>	<u>1,790</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,361</u>	<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 3,444</u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	119
Administration		186
Public safety		968
Public service		2,130
Education		1,537
Health and welfare		207
Grants to agencies		<u>67</u>
Total Depreciation Expense - Governmental Activities	\$	<u>5,214</u>
Business-type activities:		
Milford Golf Course	\$	25
Harbor Management		<u>20</u>
Total Depreciation Expense - Business-Type Activities	\$	<u>45</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions. At June 30, 2016, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Nonrecurring	General Fund	\$ 85
School Facilities Fund	General Fund	2,593
Milford Golf Course	General Fund	24
General Fund	Nonmajor Governmental	407
General Fund	Sanitary Sewer	423
General Fund	School Facilities	81
General Fund	Sewer Use	170
General Fund	Sewer Use	40
General Fund	Capital Nonrecurring	1,276
Internal Service	Nonmajor Governmental	18
Internal Service	General Fund	44
Internal Service	Sewer Use	75
Nonmajor Governmental	Sewer Use	2
Nonmajor Governmental	General Fund	69
Sewer Use	General Fund	<u>117</u>
Total		\$ <u>5,424</u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Interfund transfers:

	Transfers In		
	Capital	Nonmajor	Total
	<u>Nonrecurring</u>	<u>Governmental</u>	<u>Transfers Out</u>
Transfers out:			
General Fund	\$ 309	\$ 506	\$ 815
Milford Golf Course	88		88
Harbor Management	37		37
Nonmajor Governmental	1,185		1,185
Sewer Use Fund	<u>1,040</u>		<u>1,040</u>
Total	<u>\$ 2,659</u>	<u>\$ 506</u>	<u>\$ 3,165</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.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

7. LONG-TERM DEBT

General Obligation Bonds

Bonds payable at June 30, 2016 amounted to \$121,805 with interest rates ranging from 2.0% to 4.0% on bonds maturing at various dates through the year 2036. Grants receivable to offset future City principal payments totaled \$294 from State of Connecticut school construction grants. The General Fund is typically used to liquidate long-term liabilities.

Bonds authorized and unissued totaled \$73,867 at June 30, 2016. A summary of the long-term indebtedness transactions for the current fiscal year follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 123,580	\$ 24,365	\$ 26,140	\$ 121,805	\$ 9,095
Bond premium	4,151	3,231	304	7,078	
Total bonds payable	<u>127,731</u>	<u>27,596</u>	<u>26,444</u>	<u>128,883</u>	<u>9,095</u>
Long-term note payable	33,289		2,135	31,154	2,188
Claims and judgments	4,958	328		5,286	5,286
Compensated absences	14,381	114	216	14,279	869
Net pension liability	37,817	37,341		75,158	
Net OPEB obligation	<u>132,470</u>	<u>12,154</u>		<u>144,624</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 350,646</u>	<u>\$ 77,533</u>	<u>\$ 28,795</u>	<u>\$ 399,384</u>	<u>\$ 17,438</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>
2017	\$ 9,095	\$ 4,251	\$ 13,346
2018	9,085	3,945	13,030
2019	8,945	3,608	12,553
2020	8,775	3,253	12,028
2021	8,390	2,897	11,287
2022-2026	38,360	9,464	47,824
2027-2031	28,745	3,805	32,550
2032-2036	<u>10,410</u>	<u>565</u>	<u>10,975</u>
Total	<u>\$ 121,805</u>	<u>\$ 31,788</u>	<u>\$ 153,593</u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

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>
2017	\$ 2,188	\$ 604	\$ 2,792
2018	2,232	554	2,786
2019	2,278	513	2,791
2020	2,324	466	2,790
2021	2,370	420	2,790
2022-2026	12,483	1,365	13,848
2027-2029	<u>7,279</u>	<u>219</u>	<u>7,498</u>
Total	\$ <u>31,154</u>	\$ <u>4,141</u>	\$ <u>35,295</u>

General Obligation Bonds - Advance Bond Refunding

On March 3, 2016, the City issued \$16,015 in general obligation bonds, with an average interest rate of 3.00-5.00% to refund outstanding bonds with an average rate of 4.00%. The bonds refunded were as follows: \$675 of outstanding 2009 general obligation bonds, \$3,775 of 2009 general obligation bonds series B, \$6,615 of outstanding 2010 general obligation bonds, \$3,825 of 2011 general obligation bonds and \$2,340 of outstanding 2012 general obligation bonds. The net proceeds of \$18,850 (net of a \$2,835 premium and payment of issuance costs of \$153) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The transaction generated a cash flow savings of \$894 and a present value savings of \$847. The outstanding balance of the defeased bonds as of June 30, 2016 is \$17,230 and the escrow balance is \$18,473.

Prior Year Defeasance of Debt

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2016 is \$14,140 and the escrow balance is \$14,680.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Bond Anticipation Notes

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2016.

	<u>Amount</u>
Notes payable, July 1, 2015	\$ 17,390
Notes issued	29,035
Notes retired	<u>(30,750)</u>
Notes Payable, June 30, 2016	<u>\$ 15,675</u>

During the year, the City issued \$15,940 in notes dated November 9, 2015, of which \$13,360 matured on May 9, 2016 and carried an interest rate of .5% and \$2,580 will mature on November 7, 2016 with an interest rate of .9%. The City also issued notes on May 9, 2016 in the amount of \$13,095 with a maturity date of November 7, 2016 and interest rate of .9%. These notes serve as temporary financing for various general purpose, school and sewer projects.

Other Obligations

At June 30, 2016, the dollar value of City employees' and Board of Education employees' accumulated vacation and sick time has been valued using the vesting methods outlined in GASB Statement No. 16. These obligations are typically funded by the General Fund.

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 399,544	\$ 85,569	\$ 313,975
Schools	799,088	61,523	737,565
Sewers	665,906	95,115	570,791
Urban renewal	577,119		577,119
Pension deficit	532,725		532,725

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$1,243,025).

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 \$294 of State of Connecticut school building grant commitments.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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 FY2016, the City and the Board of Education Property, General Liability, Auto Liability, Public Officials' Liability, Police Professional Liability and Educators' Liability were insured by CIRMA with deductibles of \$1,000 for auto physical damage and \$-0- for other liability coverage. Law Enforcement/Public Officials/School Leaders has a \$25,000 deductible and Employee Benefits has a deductible of \$1,000. The Board of Education insures its Workers' Compensation with CIRMA.

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

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

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

The claims liability reported in the Internal Service Fund at June 30, 2016 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>
06/30/15	\$ 213	\$ 1,306	\$ 1,253	\$ 266
06/30/16	266	1,199	1,257	208

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

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

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

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Changes in the claims liability for the years ended June 30, 2016 and 2015 were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/15	\$ 2,198	\$ 1,854	\$ 1,500	\$ 2,552
06/30/16	2,552	970	947	2,575

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, 2016, the annual limit on individual medical claims chargeable to the Fund is \$100,000. Payments to the Health Insurance Fund are made by the Grant Agencies, the Sewer Use Fund, the Special Education Grants Fund, the Special Grants Fund, the Harbor Management Enterprise Fund and persons continuing coverage under COBRA in an amount equal to the premium an individual would pay for continuation coverage under the group program. The City makes General Fund contributions to the Health Insurance Fund based on budgeted amounts, which, in conjunction with estimated Grant contributions, total the year's estimated expected losses. Employee and applicable retirees under age 65 also make contributions to the fund through premium cost share. The City and Board of Education did not have any claims that exceeded insurance coverage in the past three years.

Changes in the claims liability for the years ended June 30, 2016 and 2015 were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
06/30/15	\$ 2,000	\$ 34,329	\$ 34,189	\$ 2,140
06/30/16	2,140	36,039	35,676	2,503

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan Descriptions and Benefits Provided

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

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

Benefits vest after 10 years for General City members (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers); there is no vesting for Police and Fire members. Except for Police and Fire, members who retire after age 60 with 10 years of service (5 years for Public Works, Supervisors, Custodians and Cafeteria Workers) or the age at which the sum of age and service equal 80 (79 for non-represented members and Board of Education Contract Secretaries) are entitled to an

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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, 2015:

	City of Milford Retirement System
Retirees and beneficiaries receiving benefits	760
Terminated employees entitled to benefits but not yet receiving them	23
Active plan members	704
Total	<u>1,487</u>

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Plan Changes

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

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

A. City of Milford Retirement System

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

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2016:

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.99%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability at June 30, 2016, were as follows:

Total pension liability	\$	390,270
Plan fiduciary net position		<u>315,112</u>
Net pension liability	\$	<u>75,158</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension		80.74%

Actuarial Assumptions

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

Inflation	3.00%
Salary increases	Age related table
Investment rate of return	7.75%
Cost of living adjustments:	
Post-retirement benefit increases	None, except for Police hired after April 6, 1989 - 3%/annum

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2011.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was changed from 8.0% since the prior measurement date.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 373,063	\$ 335,246	\$ 37,817
Changes for the year:			
Service cost	7,809		7,809
Interest on total pension liability	28,604		28,604
Differences between expected and actual experience	(2,281)		(2,281)
Changes in assumptions	7,100		7,100
Employer contributions		4,525	(4,525)
Member contributions		2,672	(2,672)
Net investment income (loss)		(3,210)	3,210
Benefit payments, including refund to employee contributions	(24,025)	(24,025)	-
Administrative expenses		(143)	143
Other changes		47	(47)
Net changes	17,207	(20,134)	37,341
Balances as of June 30, 2016	\$ 390,270	\$ 315,112	\$ 75,158

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease	Current	1% Increase
	(6.75%)	Discount Rate	(8.75%)
		(7.75%)	
City Net Pension Liability	\$ 119,399	\$ 75,158	\$ 38,056

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

For the year ended June 30, 2016, the City recognized pension expense of \$22,601. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 2,409
Changes of assumptions	11,795	
Net difference between projected and actual earnings on pension plan investments	<u>40,843</u>	<u></u>
Total	\$ <u>52,638</u>	\$ <u>2,409</u>

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

Year Ending June 30,

2017	\$ 14,205
2018	14,205
2019	14,205
2020	7,614

B. State of Connecticut Police and Fire Survivors' Plan

The City makes monthly contributions to the State Survivors' Plan based upon an amount invoiced by the State. The State Survivors' Plan makes monthly payments to the surviving spouses of police and fire retirees. The City has no information concerning payments made by or the funding status of this plan. City contributions for the year ended June 30, 2016 were \$428.

C. Connecticut State Teachers' Retirement System

Plan Description

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

Employees

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

At June 30, 2016, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>142,361</u>
Total	\$ <u><u>142,361</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the City recognized pension expense and revenue of \$11,407 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

10. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

City

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

Pre-65:	
General City	\$10,207 per year
Fire	\$9,921 per year
Police	\$9,921 per year
Post-65:	
BC 65 Low Option	\$1,532 per year
Plan 82	\$2,632 per year
Medicare Part B:	
Actives	\$1,379 per year
Retirees	\$1,259 per year

Board of Education

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

Teachers: Prior to age 65 retiree and spouse pay full premium minus the Teachers' Retirement Board subsidy (eligible if receiving a retirement allowance from the Teacher's Retirement Board). Post 65, Board of Education pays premium in full for participant only, spouse pays premium minus subsidy. Effective September 1, 2014, Board of Education pays the premium for insurance obtained through the Teachers' Retirement board for the participant only.

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

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

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

Secretaries: No cost to retiree or spouse if retiree is at least 60 with 10 years of service at retirement or age plus service equals 79. (Note: Rule of 79 also applies to custodians and cafeteria workers.) If employee was hired after June 30, 2002, retiree and spouse pay same cost share as active employees until age 65. If employee was hired on or after December 31, 2011, retiree and spouse pay full premium until age 65.

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

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

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

Pre-65 (for current active members who retire):	<u>As of July 1, 2015:</u>
Board of Ed-Café	\$11,329 per year
Board of Ed-Cust	\$10,269 per year
Board of Ed-Sec	\$10,039 per year
Board of Ed-Para	\$9,790 per year
Administrators	\$9,918 per year
Teachers	\$9,790 per year
Pre-65 (for current retirees who are under 65):	
Based on plan selected	
Post-65 (for current active members who retire and current retirees who are over 65):	<u>As of 1/1/16:</u>
Plan 82 only	\$1,022 per year
Hi Option with Plan 82 and Major Medical (\$50,000)	\$4,857 per year
Hi Option with Plan 82 and Major Medical (\$250,000)	\$4,981 per year
Hi Option with Plan 82 and No Rx	\$2,376 per year
Plan F with Rx	\$7,311 per year
Medicare Part B:	
Retirees	\$1,462 per year
Post-65 (for current retirees who are under 65):	
Based on plan selected - Dental plan	\$523 per year

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

B. Membership

Membership in the plan consisted of the following at July 1, 2014:

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	584	519
Number of active participants	957	521
Total	1,541	1,040

C. Description of Actuarial Assumptions and Methods

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Plan
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar
Remaining amortization period	30 years - open	30 years - open
Actuarial assumptions:		
Investment rate of return	5.0%/annum	5.0%/annum
Projected salary increases	4.5%/annum	n/a

Medical Trend Rates

Board of Education and City retirees

9% in 2014, reducing by 0.5% each year to a final 5% per year rate for 2022 and later for pre-age 65 plans. 8% in 2014, reducing by 1.0% each year to a final 5% per year rate for 2017 and later for post-age 65 plans.

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Retirement Assumptions

City

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

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

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

Board of Education

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

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

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

D. Annual OPEB Cost and Net OPEB Obligations

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

	Board of Education Retiree Medical Benefit Plan	City of Milford Retiree Medical Benefit Plan
Annual required contribution	\$ 13,680	\$ 12,103
Interest on net OPEB obligation	3,661	2,962
Adjustment to annual required contribution	<u>(4,537)</u>	<u>(3,670)</u>
Annual OPEB cost	12,804	11,395
Contribution made	<u>4,959</u>	<u>7,086</u>
Increase in net OPEB obligation	7,845	4,309
Net OPEB obligation, July 1, 2015	<u>73,228</u>	<u>59,242</u>
Net OPEB obligation, June 30, 2016	<u><u>\$ 81,073</u></u>	<u><u>\$ 63,551</u></u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016 is presented below.

		Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
Board of Education					
6/30/14	\$	13,863	\$ 3,429	27.7%	\$ 64,310
6/30/15		14,012	5,094	36.4%	73,228
6/30/16		12,804	4,959	38.7%	81,073
City					
6/30/14		11,666	6,407	54.9%	53,930
6/30/15		11,810	6,498	55.0%	59,242
6/30/16		11,395	7,086	62.0%	63,551

Schedule of Employer Contributions

Board of Education		
Fiscal Year Ended	Annual Required Contribution	Percentage of ARC Contributed
6/30/11	\$ 13,035	27.8%
6/30/12	13,698	29.0
6/30/13	14,383	26.0
6/30/14	14,507	23.6
6/30/15	14,781	34.5
6/30/16	13,680	36.2
City		
Fiscal Year Ended	Annual Required Contribution	Percentage of ARC Contributed
6/30/11	\$ 14,773	34.4%
6/30/12	14,081	57.6
6/30/13	14,785	43.4
6/30/14	12,248	52.3
6/30/15	12,455	52.2
6/30/16	12,103	53.5

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

Schedule of Funding Progress

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

City

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/10	\$ -	\$ 133,711	\$ 133,711	-	\$ 32,996	405.0%
7/1/12	2,232	129,798	127,565	1.72%	34,856	366.0%
7/1/14	4,090	126,084	121,994	3.24%	35,442	344.0%

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/10	\$ -	\$ 131,639	\$ 131,639	-	\$ 62,165	212.0%
7/1/12	-	142,358	142,358	-	61,276	232.3%
7/1/14	-	145,420	145,420	-	57,803	251.6%

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

11. PENSION AND OPEB TRUST FUNDS COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	Pension Trust Funds	City OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ <u>24,072</u>	\$ <u>66</u>	\$ <u>24,138</u>
Investments:			
Certificate of deposit			
Corporate bonds	30,685		30,685
U.S. government obligations	7,629		7,629
Marketable equity securities	116,413		116,413
Asset backed securities	15,046		15,046
Alternative investments	108,479		108,479
Mutual funds	<u>13,155</u>	<u>4,926</u>	<u>18,081</u>
Total investments	<u>291,407</u>	<u>4,926</u>	<u>296,333</u>
Total assets	315,479	4,992	320,471
Liabilities:			
Accounts and other payables	<u>367</u>	<u> </u>	<u>367</u>
Net Position:			
Restricted for Retirement Benefits	\$ <u><u>315,112</u></u>	\$ <u><u>4,992</u></u>	\$ <u><u>320,104</u></u>

CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(In Thousands)

Combining Schedules of Changes in Net Position - Trust Funds

	Pension Trust Funds	City OPEB Trust Fund	Total
Additions:			
Contributions:			
Plan members	\$ 2,672	\$	\$ 2,672
Employer-current year	4,525	12,045	16,570
Employer-additional		501	501
Total contributions	<u>7,197</u>	<u>12,546</u>	<u>19,743</u>
Miscellaneous	<u>47</u>		<u>47</u>
Investment income (loss):			
Net change in fair value of investments	(269)	(215)	(484)
Interest and dividends	<u>(252)</u>	<u>92</u>	<u>(160)</u>
	(521)	(123)	(644)
Less investment expense	<u>2,689</u>	<u>15</u>	<u>2,704</u>
Net investment gain (loss)	<u>(3,210)</u>	<u>(138)</u>	<u>(3,348)</u>
Total additions	<u>4,034</u>	<u>12,408</u>	<u>16,442</u>
Deductions:			
Benefit payments and withdrawals	24,025	12,045	36,070
Administration	<u>143</u>		<u>143</u>
Total deductions	<u>24,168</u>	<u>12,045</u>	<u>36,213</u>
Net Change	(20,134)	363	(19,771)
Net position, beginning of year	<u>335,246</u>	<u>4,629</u>	<u>339,875</u>
Net Position, End of Year	<u>\$ 315,112</u>	<u>\$ 4,992</u>	<u>\$ 320,104</u>

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

12. FUND BALANCE

Significant encumbrances at June 30, 2016 are contained in the table below in both the assigned and committed categories of the General Fund.

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Sanitary Sewer Fund</u>	<u>School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$	\$	\$	\$	\$	\$ 30	\$ 30
Prepays	21						21
Restricted for:							
Grants						358	358
Committed to:							
Capital projects		4,055	207				4,262
General government	1,090					4,415	5,505
Education						2,049	2,049
Debt service						3,498	3,498
Assigned to:							
Subsequent year's budget	3,500						3,500
Debt service	386						386
Encumbrances:							
General government	513						513
Public safety	508						508
Public services	428						428
Health and welfare	23						23
Education	2,736						2,736
Unassigned	20,668			(3,135)	(6,062)	(1,722)	9,749
Total Fund Balances	\$ <u>29,873</u>	\$ <u>4,055</u>	\$ <u>207</u>	\$ <u>(3,135)</u>	\$ <u>(6,062)</u>	\$ <u>8,628</u>	\$ <u>33,566</u>

13. CONTINGENT LIABILITIES (AMOUNTS NOT ROUNDED)

On December 2, 2014, the City of Milford and Milford Power Company, LLC (the MPC) agreed to extend their existing Property Tax Payment Agreement for a term of 10 years. The initial agreement was the result of an assessment appeal of the Grant Lists of 2001, 2002, 2003 and 2004. Originally, the assessment had been \$183,073,530 generating over \$5,000,000 in taxes. (The assessment and the taxes would have significantly decreased in future years due to depreciation of the personal property.) In return, the City accepted scheduled payments in lieu of taxes for the Fiscal Years of 2006 through 2015. The original agreement called for payments to be made in July and January of each fiscal year. The payment schedule was \$1,687,500 for each six month period from July 2005 through January 2009. Payments were \$1,875,000 for each six month period from July 2009 through January 2011 and were \$1,750,000 for each six month period from July 2011 through January 2015. The new agreement calls for annual payments of \$4,700,000. Payments of \$2,350,000 are to be made in January and July of each year starting on July of 2015 and running through January of 2025. The payments are based on an assessment of \$172,667,000 and a stabilized mill rate of 27.22mills. MPC is up to date with all of its payments.

**CITY OF MILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(In Thousands)

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

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

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

14. SUBSEQUENT EVENT

On October 27, 2016, the City issued \$16,440 of general obligation bonds with interest rates varying from 2.00% to 5.00% and maturity date November 1, 2036. In addition, the City issued \$5,110 and \$9,750 of bond anticipation notes dated November 7, 2016 maturing May 5, 2017 and November 6, 2017, respectively. The bond anticipation notes carry interest rates 1.75 and 2.0%, respectively.

**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, 2016
(In Thousands)

	Budgeted Amounts			Variance -
	Original	Final	Actual	Favorable
				(Unfavorable)
General Property Taxes and Assessments:				
Current taxes	\$ 173,039	\$ 173,039	\$ 174,777	\$ 1,738
Personal property audit	100	100	43	(57)
Prior year's levies	1,000	1,000	2,129	1,129
Flood and erosion assessments			71	71
Suspense collections	12	12	14	2
Total general property taxes and assessments	<u>174,151</u>	<u>174,151</u>	<u>177,034</u>	<u>2,883</u>
Fines, Forfeitures Penalties and Interest:				
Interest and liens	<u>1,000</u>	<u>1,000</u>	<u>1,244</u>	<u>244</u>
Federal, State and Local Governments:				
Other State grants	50	50	78	28
School transportation aid - State	121	121	98	(23)
Education cost sharing	11,382	11,382	11,389	7
State realty in lieu of tax	534	534	202	(332)
Pequot State Aid	403	403	404	1
Elderly tax credit	433	433	464	31
Total disability exemptions			6	6
PILOT - private exemptions	430	430	430	-
Veteran grants	155	155	158	3
School debt - interest	19	19	19	-
School debt - principal	194	194	194	-
Telephone access grant	100	100	104	4
Shellfish Taxes	2	2	2	-
State aid for health	104	104	56	(48)
OTB Wagering Share	75	75	75	-
Total federal, state and local government	<u>14,002</u>	<u>14,002</u>	<u>13,679</u>	<u>(323)</u>
Investment Income:				
Investments in idle funds	18	18	133	115
Rental of other property	<u>46</u>	<u>46</u>	<u>54</u>	<u>8</u>
Total investment income	<u>64</u>	<u>64</u>	<u>187</u>	<u>123</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, 2016

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Other Revenue:				
Rental of school property	\$ 12	\$ 12	\$ 14	\$ 2
PILOT - Water Authority	447	447	442	(5)
Power Plant Settlement	4,700	4,700	4,700	-
Genconn PT	2,025	2,025	2,025	-
Miscellaneous other revenues	4	4	92	88
Inland wetland fees	5	5	3	(2)
Total other revenue	7,193	7,193	7,276	83
Licenses, Permits and Other Charges:				
Devices and amusements	16	16	43	27
Vending permits	12	12	30	18
Disposal area licenses	45	45	54	9
Recording documents	345	345	379	34
Conveyance tax	600	600	1,109	509
General copying fees	68	68	83	15
Fire Department fees	13	13	1	(12)
Paramedic fees	100	100	386	286
Building inspection fees	610	610	883	273
Police fines and forfeits	45	45	11	(34)
Fingerprinting	12	12	25	13
False alarm fees	19	19	21	2
Fire Department false alarm fines	1	1		(1)
Street opening permits	8	8	9	1
Engineering fees	4	4	8	4
Residential waste fees	85	85	147	62
Health inspection fees	74	74	77	3
Planning and zoning fees	22	22	43	21
Zoning appeals fees	5	5	9	4
Recreation fees	52	52	71	19
Walnut Beach parking	14	14	40	26
Parking fines judicial	10	10	6	(4)
Vehicle violations judicial	18	18	26	8
Mobile fee	3	3	4	1
Sewer assessments	2	2	130	128
Animal shelter redemption	5	5	7	2
Dog Fund - City share	6	6	13	7

(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, 2016

(In Thousands)

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Licenses, Permits and Other Charges (continued):				
Recycling revenues	\$ 75	\$ 75	\$ 110	\$ 35
PILOT - Federal payments	1	1	1	-
Sticker fees	1	1	1	-
Total licenses, permits and other charges	<u>2,271</u>	<u>2,271</u>	<u>3,727</u>	<u>1,456</u>
Total revenues	<u>198,681</u>	<u>198,681</u>	<u>203,147</u>	<u>4,466</u>
Other financing sources:				
Use of fund balance	3,500	3,732		(3,732)
Sale of capital assets			145	145
Total other financing sources	<u>3,500</u>	<u>3,732</u>	<u>145</u>	<u>(3,587)</u>
Total Budgeted Revenues and Other Financing Sources	\$ <u>202,181</u>	\$ <u>202,413</u>	203,292	\$ <u>879</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			11,407	
Premium on bond anticipation notes			160	
Premium on bond issuance			396	
Premium on refunding bonds			2,835	
Proceeds from issuance of refunding bonds			16,015	
Nonbudgetary items and eliminations related to the Compensated Absences Fund			4	
Encumbrances for purchases and commitments that were subsequently cancelled in the next fiscal year			<u>(59)</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>234,050</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, 2016
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Uncommitted Balance</u>
	<u>Original</u>	<u>Amended</u>		
General Government:				
Board of Aldermen	\$ 6	\$ 6	\$ 4	\$ 2
Elections	110	110	90	20
Registrar of Voters	150	154	153	1
Milford Govt Access Television	16	16	15	1
Mayor's Office	270	268	268	-
General expenses	436	425	368	57
Community Development Department	114	114	108	6
City Clerk	367	371	366	5
Law Department	607	607	605	2
Ethics Commission	1	1		1
Probate Court	16	16	13	3
Board of Finance	1	1	1	-
Planning and Zoning Board	1,006	1,000	864	136
Board of Tax Review	3	3	2	1
Board of Zoning Appeals	9	9	7	2
Pension Board	4	4	3	1
Flood and Erosion Board	1	1	1	-
Tree Commission	2	2	1	1
Park and Recreation Commission	1	1	1	-
Conservation Commission	1	1		1
Flower memorial commission	6	6	5	1
Open Space	53	55	54	1
Public library	1,089	1,089	1,017	72
Total general government	<u>4,269</u>	<u>4,260</u>	<u>3,946</u>	<u>314</u>
Administration:				
Finance Department	1,757	1,720	1,566	154
Data Processing Department	741	741	735	6
Personnel Department	204	206	201	5
Total administration	<u>2,702</u>	<u>2,667</u>	<u>2,502</u>	<u>165</u>
Public Safety:				
Police Department	12,181	12,159	11,947	212
Fire Department	11,213	11,159	11,152	7
Civil Preparedness	95	95	93	2
Animal Control	323	312	299	13
Lighting hydrant water	1,856	1,949	1,892	57
Total public safety	<u>25,668</u>	<u>25,674</u>	<u>25,383</u>	<u>291</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, 2016
(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	\$ 268	\$ 269	\$ 265	\$ 4
Highway-parks division	2,580	2,458	2,427	31
Building maintenance division	3,012	3,173	3,052	121
Engineering division	373	373	282	91
General garage division	1,323	1,504	1,374	130
Solid waste operations	4,631	4,461	4,433	28
Total public services	<u>12,187</u>	<u>12,238</u>	<u>11,833</u>	<u>405</u>
Board of Education:				
Private School textbooks	20	20	19	1
Educational audit fees	22	22	22	-
Employee benefits	1,198	1,199	1,096	103
Educational operations	91,011	91,011	91,011	-
Educational Contribution Health Insurance Fund	19,606	19,606	19,605	1
Educational School Nurses	1,387	1,387	1,270	117
Total board of education	<u>113,244</u>	<u>113,245</u>	<u>113,023</u>	<u>222</u>
Health and Welfare:				
Health Department	881	881	845	36
Recreation Department	809	807	795	12
Total health and welfare	<u>1,690</u>	<u>1,688</u>	<u>1,640</u>	<u>48</u>
General Charges:				
Employee benefits - general	21,927	21,823	21,108	715
Insurance and bonds	1,728	1,728	1,709	19
Claims and refunds	640	732	731	1
Benefits and salary reserve	425	316	316	-
Unallocated contingency	25			-
Total general charges	<u>24,745</u>	<u>24,599</u>	<u>23,864</u>	<u>735</u>
Grants to Agencies:				
Milford Council on Aging	1,358	1,353	1,353	-
Milford Fine Arts Council	68	68	68	-
CMED	95	95	64	31
Regional Mental Health Board	3	3	3	-
Borough of Woodmont	220	220	220	-
Milford Transit District	345	345	345	-
Milford Mental Health	350	350	350	-
Veterans' Graves	3	3	3	-
U.S. Coast Guard Auxiliary	10	10	10	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

(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	20	20	20	-
Cemetery Association	9	9	9	-
Boys and Girls Club	70	70	70	-
Homeless Shelter/CPAC	80	80	80	-
Total grants to agencies	<u>2,643</u>	<u>2,638</u>	<u>2,607</u>	<u>31</u>
Debt Service:				
Public Debt Service	9,896	9,896	9,308	588
School Debt	<u>4,647</u>	<u>4,647</u>	<u>4,321</u>	<u>326</u>
Total debt service	<u>14,543</u>	<u>14,543</u>	<u>13,629</u>	<u>914</u>
Other Financing Uses:				
Transfers out	<u>490</u>	<u>855</u>	<u>490</u>	<u>365</u>
Total	<u>\$ 202,181</u>	<u>\$ 202,407</u>	198,917	<u>\$ 3,490</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	11,407
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	(3,479)
Prior year encumbrances reported in the current year for financial reporting purposes	3,439
Payment to refunded bond escrow agent	18,698
Issuance costs on bond refunding	153
Change in Board of Education's Summer Payroll originally charged to subsequent years budget for budgetary purposes	<u>150</u>

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

\$ 229,285

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

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

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

(In Thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,213	\$ 1,129	\$ -	\$ -	\$ -	\$ 342	\$ 324	\$ 2,225	\$ 5,871	\$ 6,348
Contributions in relation to the actuarially determined contribution	<u>1,000</u>	<u>1,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342</u>	<u>324</u>	<u>2,225</u>	<u>3,925</u>	<u>4,525</u>
Contribution Deficiency (Excess)	<u>\$ 213</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,946</u>	<u>\$ 1,823</u>
Covered-employee payroll	\$ 38,610	\$ 39,663	\$ 40,141	\$ 40,550	\$ 40,622	\$ 41,597	\$ 43,010	\$ 42,773	\$ 43,811	44,587
Contributions as a percentage of covered-employee payroll	2.59%	3.43%	0.00%	0.00%	0.00%	0.82%	0.75%	5.20%	8.96%	10.15%

Notes to Schedule

Valuation date: July, 1 2015
Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Method, level percentage of salary
Amortization method	None
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Age related table
Investment rate of return	7.75%
Retirement age	Age related table
Mortality	Based on the RP-2000 Fully Projected Mortality Table with male and female rates and separate table for employees and annuitants

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

	2014	2015	2016
Annual money-weighted rate of return, net of investment expense	13.78%	-0.62%	-0.99

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

(In Thousands)

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>142,361</u>	<u>131,584</u>
Total	<u>\$ 142,361</u>	<u>\$ 131,584</u>
City's covered-employee payroll	\$ 44,587	\$ 49,466
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

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, 2016 AND 2015
(In Thousands)**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 44,218	\$ 39,201
Investments	118	117
Property taxes receivable, net of allowance for doubtful accounts of \$643 and \$703 in 2016 and 2015, respectively	8,520	7,677
Property taxes interest receivable, net of allowance for doubtful accounts of \$395 and \$446 in 2016 and 2015, respectively	4,546	5,130
Assessments receivable	68	89
Accounts receivable	185	190
Due from other governments	294	488
Due from other funds	2,397	1,572
Prepaid item	<u>21</u>	<u>21</u>
Total Assets	\$ <u>60,367</u>	\$ <u>54,485</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,463	\$ 11,998
Due to other funds	2,932	915
Due to other governments	826	677
Unearned revenue	<u>93</u>	<u>102</u>
Total liabilities	<u>16,314</u>	<u>13,692</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	7,508	6,996
Unavailable revenue - property taxes interest	4,546	5,130
Unavailable revenue - special assessments	62	89
Unavailable revenue - school building construction receivable	294	488
Advance property tax collections	<u>1,770</u>	<u>2,982</u>
Total deferred inflows of resources	<u>14,180</u>	<u>15,685</u>
Fund balances:		
Nonspendable	21	21
Committed	1,090	1,055
Assigned for encumbrances	4,208	3,731
Assigned for debt service	386	465
Assigned for subsequent year's budget	3,500	3,500
Unassigned	<u>20,668</u>	<u>16,336</u>
Total fund balances	<u>29,873</u>	<u>25,108</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>60,367</u>	\$ <u>54,485</u>

**CITY OF MILFORD, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2015	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deductions			Tax	Interest Liens	Total	
2014	\$	\$ 178,307 *	\$ 306	\$ (484)	\$ (38)	\$ 178,091	\$ 174,556	\$ 480	\$ 175,036	\$ 3,535
2013	3,234		14	(119)	(29)	3,100	1,618	355	1,973	1,482
2012	1,276		9	(85)	(29)	1,171	315	139	454	856
2011	758		5	(65)	(34)	664	52	59	111	612
2010	514				(39)	475	44	30	74	431
2009	361				(33)	328	15	14	29	313
2008	304			(10)	(9)	285	5	17	22	280
2007	275				(9)	266	13	17	30	253
2006	256				(5)	251	11	17	28	240
2005	263		1		(5)	259	14	21	35	245
2004	235				(4)	231	10	18	28	221
2003	217				(4)	213	9	19	28	204
2002	181				(4)	177	5	8	13	172
2001	174				(4)	170	3	8	11	167
2000	161				(3)	158	6	23	29	152
Total	\$ <u>8,209</u>	\$ <u>178,307</u>	\$ <u>335</u>	\$ <u>(763)</u>	\$ <u>(249)</u>	\$ <u>185,839</u>	176,676	1,225	177,901	\$ <u>9,163</u>
Suspense collections							<u>14</u>	<u>22</u>	<u>36</u>	
Total collections							176,690	\$ <u>1,247</u>	\$ <u>177,937</u>	
Property taxes receivable considered available:										
June 30, 2015							(681)			
June 30, 2016							<u>1,012</u>			
Total Property Tax Revenue							\$ <u>177,021</u>			

*Includes motor vehicle supplement in the amount of \$1,622.

**CITY OF MILFORD, CONNECTICUT
BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Certified administrative salaries	\$ 4,384	\$ 4,384	\$ -
Certified teachers salaries	44,321	44,321	-
Homebound tutor	205	205	-
Administrative substitute	205	205	-
Summer school	263	263	-
Substitutes - certified salaries	840	840	-
Curriculum work	162	162	-
Coaches/advisors	667	667	-
Non-certified supervisor salaries	612	612	-
Non-certified staff salaries	2,063	2,063	-
Custodian/maintenance	3,898	3,898	-
Teacher aides hourly	389	389	-
Library aides	459	459	-
Paraprofessionals	3,127	3,127	-
General aide salaries	183	183	-
Overtime salaries	440	440	-
Non-certified clerical	186	186	-
Non-certified professional	1,290	1,290	-
Retirements	803	803	-
Life insurance	460	460	-
Worker's compensation insurance	783	783	-
Social security	754	754	-
Unemployment compensation	70	70	-
Blue Cross/Blue Shield	3,079	3,079	-
Para pension	146	146	-
Education reimbursement	49	49	-
Adult education services	50	50	-
Substitute teaching services	186	186	-
Marine science education	21	21	-
Mental health services	31	31	-
Professional evaluation	48	48	-
Psychotherapy services	43	43	-
Other pupil personnel services	163	163	-
Special education work study	16	16	-
Consultation services	51	51	-
Audit services	3	3	-
Negotiation services	204	204	-
Arch/Eng services	18	18	-

(Continued on next page)

**CITY OF MILFORD, CONNECTICUT
BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

(In Thousands)

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Unexpended</u> <u>Balance</u>
Security services	\$ 313	\$ 313	\$ -
Contracted services	801	801	-
Management information systems	159	159	-
Electricity	832	832	-
Heat energy - gas	720	720	-
Water/sewage	100	100	-
Energy conservation services	124	124	-
Contracted maintenance	486	486	-
Repairs to grounds	81	81	-
Repairs to buildings	148	148	-
Repairs to equipment	320	320	-
Preventative maintenance	126	126	-
Building projects	925	925	-
Grounds projects	600	600	-
Gasoline maintenance	50	50	-
Maintenance supplies	319	319	-
Custodial supplies	173	173	-
Transportation regular	1,964	1,964	-
Transportation special education	1,065	1,065	-
Transportation special education - public	244	244	-
Transportation special education - private	503	503	-
Transportation - athletics	196	196	-
Transportation - TAG/ECA/AQUA	101	101	-
Transportation - field trips	31	31	-
Gasoline - buses	96	96	-
Transportation - non-public	322	322	-
Transportation - special education aide	172	172	-
Transportation - supplies	1	1	-
Van driver	100	100	-
Property liability insurance	493	493	-
Athletic insurance	34	34	-
Uninsured coverage	1	1	-
Postage	72	72	-
Telephone	246	246	-
Advertising	3	3	-
Printing expense	12	12	-

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**CITY OF MILFORD, CONNECTICUT
BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

	Final Appropriations	Expenditures and Encumbrances	Unexpended Balance
Tuition - public	\$ 1,193	\$ 1,193	\$ -
Tuition - non-public	2,283	2,283	-
Tuition - ECA program	125	125	-
Tuition - AQUA	74	74	-
Tuition - Vo-Ag	170	170	-
Tuition - gifted students	31	31	-
Travel mileage	46	46	-
Non-instructional supplies	124	124	-
Instructional supplies	867	867	-
Health and medical	20	20	-
Graduation expense	21	21	-
Textbooks	58	58	-
Text adoptions	546	546	-
Library books	119	119	-
Periodicals	33	33	-
Testing expense	162	162	-
Evaluation expense	9	9	-
A/V materials	4	4	-
Other educational supplies	3	3	-
Computer software	438	438	-
Equipment	507	507	-
Furniture and fixtures	122	122	-
Computers	484	484	-
Lease/purchase	21	21	-
Capital equipment	161	161	-
Dues and fees	81	81	-
Professional development	349	349	-
Student activities	100	100	-
Student athletics	30	30	-
Athletics - equipment repair	12	12	-
Athletics - supplies	48	48	-
Athletics - equipment	35	35	-
Athletics - game operations	62	62	-
Athletics - uniforms	25	25	-
Miscellaneous - sports	43	43	-
Total	<u>\$ 91,011</u>	<u>\$ 91,011</u>	<u>\$ -</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service

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

Capital Project Fund

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

CITY OF MILFORD, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds								
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition	Grants and Donations - Board of Education	Special Education Grants	Cafeteria
ASSETS									
Cash and cash equivalents	\$ 2	\$ 430	\$ 4,455	\$ 42	\$ 7	\$ 1,236	\$ 217	\$ 538	\$ 689
Accounts receivable			184						
Due from other governments			52						104
Due from other funds		1	68						
Inventory									30
Total Assets	<u>\$ 2</u>	<u>\$ 431</u>	<u>\$ 4,759</u>	<u>\$ 42</u>	<u>\$ 7</u>	<u>\$ 1,236</u>	<u>\$ 217</u>	<u>\$ 538</u>	<u>\$ 823</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 12	\$ 942	\$ 139	\$	\$	\$	\$ 397	\$ 22
Due to other funds		12	46						
Unearned revenue			8						
Bond anticipation notes payable									
Total liabilities	<u>-</u>	<u>24</u>	<u>996</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397</u>	<u>22</u>
Fund balances:									
Nonspendable									30
Restricted							217	141	
Committed	2	407	3,763		7	1,236			771
Unassigned			(97)						
	<u>2</u>	<u>407</u>	<u>3,763</u>	<u>(97)</u>	<u>7</u>	<u>1,236</u>	<u>217</u>	<u>141</u>	<u>801</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 431</u>	<u>\$ 4,759</u>	<u>\$ 42</u>	<u>\$ 7</u>	<u>\$ 1,236</u>	<u>\$ 217</u>	<u>\$ 538</u>	<u>\$ 823</u>

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016
(In Thousands)

	<u>Special Revenue Funds</u>						<u>Capital Project Fund</u>	
	<u>Educational Scholarship and Award</u>	<u>Library Trust</u>	<u>Milford Police Sick and Relief</u>	<u>Barth Conservation</u>	<u>Total</u>	<u>Debt Service</u>	<u>School Renovations</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 42	\$ 102	\$ 97	\$ 37	\$ 7,894	\$ 3,496	\$ 27	\$ 11,417
Accounts receivable					184			184
Due from other governments					156			156
Due from other funds					69	2		71
Inventory					30			30
Total Assets	<u>\$ 42</u>	<u>\$ 102</u>	<u>\$ 97</u>	<u>\$ 37</u>	<u>\$ 8,333</u>	<u>\$ 3,498</u>	<u>\$ 27</u>	<u>\$ 11,858</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$	\$	1,512	\$	36	\$ 1,548
Due to other funds					58		367	425
Unearned revenue					8			8
Bond anticipation notes payable					-		1,249	1,249
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,578</u>	<u>-</u>	<u>1,652</u>	<u>3,230</u>
Fund balances:								
Nonspendable					30			30
Restricted					358			358
Committed	42	102	97	37	6,464	3,498		9,962
Unassigned					(97)		(1,625)	(1,722)
	<u>42</u>	<u>102</u>	<u>97</u>	<u>37</u>	<u>6,755</u>	<u>3,498</u>	<u>(1,625)</u>	<u>8,628</u>
Total Liabilities and Fund Balances	<u>\$ 42</u>	<u>\$ 102</u>	<u>\$ 97</u>	<u>\$ 37</u>	<u>\$ 8,333</u>	<u>\$ 3,498</u>	<u>\$ 27</u>	<u>\$ 11,858</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Special Revenue Funds								
	Park and Playground	Human Resource Development	Special Grants and Revenues	Community Development	Open Space	Tuition	Grants and Donations - Board of Education	Special Education Grants	Cafeteria
Revenues:									
Intergovernmental	\$	\$ 607	\$ 1,955	\$ 315	\$	\$	\$	\$ 3,655	\$ 930
Charges for services		7	2,340	101					1,532
Investment income		1			1	1		2	
Other revenues		31	899			1,119	71		
Total revenues	-	646	5,194	416	1	1,120	71	3,657	2,462
Expenditures:									
Current:									
General government			824						
Public safety			2,127						
Public services			227	523					
Education			991			1,020	118	3,720	2,437
Health and welfare		1,122	1,064						
Debt service									
Total expenditures	-	1,122	5,233	523	-	1,020	118	3,720	2,437
Excess (deficiency) of revenues over expenditures	-	(476)	(39)	(107)	1	100	(47)	(63)	25
Other financing sources:									
Issuance of bonds and notes									
Transfers in		490	16						
Transfers out			(916)		(269)				
Total other financing sources	-	490	(900)	-	(269)	-	-	-	-
Net change in fund balances	-	14	(939)	(107)	(268)	100	(47)	(63)	25
Fund Balances at Beginning of Year	2	393	4,702	10	275	1,136	264	204	776
Fund Balances at End of Year	\$ 2	\$ 407	\$ 3,763	\$ (97)	\$ 7	\$ 1,236	\$ 217	\$ 141	\$ 801

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CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Special Revenue Funds						Capital Project Fund	
	Educational Scholarship and Award	Library Trust	Milford Police Sick and Relief	Barth Conservation	Total	Debt Service	School Renovations	Total Nonmajor Governmental Funds
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$ 7,462	\$	\$	\$ 7,462
Charges for services					3,980			3,980
Investment income					5	11		16
Other revenues	7				2,127	56		2,183
Total revenues	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,574</u>	<u>67</u>	<u>-</u>	<u>13,641</u>
Expenditures:								
Current:								
General government					824			824
Public safety					2,127			2,127
Public services					750			750
Education	9				8,295		2,947	11,242
Health and welfare					2,186			2,186
Debt service						312	13	325
Total expenditures	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,182</u>	<u>312</u>	<u>2,960</u>	<u>17,454</u>
Excess (deficiency) of revenues over expenditures	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(608)</u>	<u>(245)</u>	<u>(2,960)</u>	<u>(3,813)</u>
Other financing sources:								
Issuance of bonds and notes							1,509	1,509
Transfers in					506			506
Transfers out					(1,185)			(1,185)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(679)</u>	<u>-</u>	<u>1,509</u>	<u>830</u>
Net change in fund balances	(2)	-	-	-	(1,287)	(245)	(1,451)	(2,983)
Fund Balances at Beginning of Year	<u>44</u>	<u>102</u>	<u>97</u>	<u>37</u>	<u>8,042</u>	<u>3,743</u>	<u>(174)</u>	<u>11,611</u>
Fund Balances at End of Year	<u>\$ 42</u>	<u>\$ 102</u>	<u>\$ 97</u>	<u>\$ 37</u>	<u>\$ 6,755</u>	<u>\$ 3,498</u>	<u>\$ (1,625)</u>	<u>\$ 8,628</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015
(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2016	2015
Assets:					
Cash and cash equivalents	\$ 13,754	\$ 3,190	\$ 3,146	\$ 20,090	\$ 17,535
Accounts receivable	98		1	99	512
Due from other funds	123	12	2	137	139
Total assets	<u>13,975</u>	<u>3,202</u>	<u>3,149</u>	<u>20,326</u>	<u>18,186</u>
Liabilities:					
Accounts payable and accrued liabilities	245		23	268	199
Accrued claims	2,503	2,575	208	5,286	4,958
Due to other funds					14
Total liabilities	<u>2,748</u>	<u>2,575</u>	<u>231</u>	<u>5,554</u>	<u>5,171</u>
Net Position:					
Unrestricted	<u>11,227</u>	<u>627</u>	<u>2,918</u>	<u>14,772</u>	<u>13,015</u>
Total Net Position	<u>\$ 11,227</u>	<u>\$ 627</u>	<u>\$ 2,918</u>	<u>\$ 14,772</u>	<u>\$ 13,015</u>

CITY OF MILFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2016	2015
Operating revenues:					
Employer contributions	\$ 31,321	\$ 685	\$ 1,378	\$ 33,384	\$ 33,330
Employee contributions	6,255			6,255	6,272
Other	39	229	58	326	235
Total operating revenues	<u>37,615</u>	<u>914</u>	<u>1,436</u>	<u>39,965</u>	<u>39,837</u>
Operating expenses:					
Insurance premiums and claims expense	<u>36,039</u>	<u>970</u>	<u>1,199</u>	<u>38,208</u>	<u>37,489</u>
Operating income (loss)	1,576	(56)	237	1,757	2,348
Contributions and transfers:					
Transfer in					20
Net income (loss)	1,576	(56)	237	1,757	2,368
Net Position, Beginning of Year	<u>9,651</u>	<u>683</u>	<u>2,681</u>	<u>13,015</u>	<u>10,647</u>
Net Position, End of Year	<u>\$ 11,227</u>	<u>\$ 627</u>	<u>\$ 2,918</u>	<u>\$ 14,772</u>	<u>\$ 13,015</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015
(In Thousands)

	Health Insurance Fund	Workers' Compensation Fund	Property and Casualty Fund	2016	2015
Cash flows from operating activities:					
Cash received from contributions and charges for services	\$ 38,031	\$ 914	\$ 1,435	\$ 40,380	\$ 40,159
Cash payments for claims paid	(35,578)	(961)	(1,286)	(37,825)	(37,186)
Net cash provided by (used in) operating activities	<u>2,453</u>	<u>(47)</u>	<u>149</u>	<u>2,555</u>	<u>2,973</u>
Cash flows from noncapital financing:					
Transfers to/from other funds					20
Net increase (decrease) in cash and cash equivalents	2,453	(47)	149	2,555	2,993
Cash and cash equivalents, beginning of year	<u>11,301</u>	<u>3,237</u>	<u>2,997</u>	<u>17,535</u>	<u>14,542</u>
Cash and Cash Equivalents, End of Year	<u>\$ 13,754</u>	<u>\$ 3,190</u>	<u>\$ 3,146</u>	<u>\$ 20,090</u>	<u>\$ 17,535</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,576	\$ (56)	\$ 237	\$ 1,757	\$ 2,348
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Increase) decrease in accounts receivable	413			413	376
(Increase) decrease in due from other funds	3		(1)	2	(54)
Increase (decrease) in accounts payable and accrued liabilities	461	23	(87)	397	289
Increase (decrease) in due to other funds		(14)		(14)	14
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,453</u>	<u>\$ (47)</u>	<u>\$ 149</u>	<u>\$ 2,555</u>	<u>\$ 2,973</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, 2016
(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	\$ 989	\$ 201	\$ 503	\$ 1,693
Investments	<u>116</u>	<u></u>	<u></u>	<u>116</u>
Total Assets	<u>\$ 1,105</u>	<u>\$ 201</u>	<u>\$ 503</u>	<u>\$ 1,809</u>
Liabilities:				
Due to employees, students and others	\$ <u>1,105</u>	\$ <u>201</u>	\$ <u>503</u>	\$ <u>1,809</u>
Total Liabilities	<u>\$ 1,105</u>	<u>\$ 201</u>	<u>\$ 503</u>	<u>\$ 1,809</u>

CITY OF MILFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 1,037	\$ 1,723	\$ 1,771	\$ 989
Investments	<u>120</u>	<u>3</u>	<u>7</u>	<u>116</u>
Total Assets	<u>\$ 1,157</u>	<u>\$ 1,726</u>	<u>\$ 1,778</u>	<u>\$ 1,105</u>
Liabilities:				
Due to employees, students and others	<u>\$ 1,157</u>	<u>\$ 1,726</u>	<u>\$ 1,778</u>	<u>\$ 1,105</u>
Inland/Wetland Bonds				
Assets:				
Cash and cash equivalents	\$ 220	\$ 10	\$ 29	\$ 201
Accounts receivable	<u>14</u>		<u>14</u>	<u>-</u>
Total Assets	<u>\$ 234</u>	<u>\$ 10</u>	<u>\$ 43</u>	<u>\$ 201</u>
Liabilities:				
Due to employees, students and others	\$ 220	\$ 10	\$ 29	\$ 201
Accounts payable	<u>14</u>		<u>14</u>	<u>-</u>
Total Liabilities	<u>\$ 234</u>	<u>\$ 10</u>	<u>\$ 43</u>	<u>\$ 201</u>
Planning and Zoning Bonds				
Assets:				
Cash and cash equivalents	<u>\$ 511</u>	<u>\$ 31</u>	<u>\$ 39</u>	<u>\$ 503</u>
Liabilities:				
Due to employees, students and others	<u>\$ 511</u>	<u>\$ 31</u>	<u>\$ 39</u>	<u>\$ 503</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 1,768	\$ 1,764	\$ 1,839	\$ 1,693
Investments	<u>120</u>	<u>3</u>	<u>7</u>	<u>116</u>
Accounts receivable	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>
Total Assets	<u>\$ 1,902</u>	<u>\$ 1,767</u>	<u>\$ 1,860</u>	<u>\$ 1,809</u>
Liabilities:				
Due to employees and others	\$ 1,888	\$ 1,767	\$ 1,846	\$ 1,809
Accounts payable	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>
Total Liabilities	<u>\$ 1,902</u>	<u>\$ 1,767</u>	<u>\$ 1,860</u>	<u>\$ 1,809</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TABLE 1

**CITY OF MILFORD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2016	2015	2014 (2)	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investments in capital assets	\$ 194,944	\$ 174,139	\$ 166,869	\$ 153,422	\$ 145,526	\$ 132,115	\$ 143,992	\$ 135,747	\$ 141,359	\$ 113,217
Restricted	278	280	255	255	252	250	259	260	151	173
Unrestricted	(108,185)	(83,452)	(72,023)	(48,924)	(36,260)	(15,240)	(15,090)	5,254	7,084	31,938
Total Governmental Activities Net Position	87,037	90,967	95,101	104,753	109,518	117,125	129,161	141,261	148,594	145,328
Business-type activities:										
Investments in capital assets	3,444	3,361	3,126	3,163	3,200	3,238	3,284	3,341	3,398	3,456
Unrestricted	510	569	513	708	642	653	605	642	688	550
Total Business-Type Net Position	3,954	3,930	3,639	3,871	3,842	3,891	3,889	3,983	4,086	4,006
Primary government:										
Net investments in capital assets	198,388	177,500	169,995	156,585	148,726	135,353	147,276	139,088	144,757	116,673
Restricted	278	280	255	255	252	250	259	260	151	173
Unrestricted	(107,675)	(82,883)	(71,806)	(48,216)	(35,618)	(14,767)	(14,485)	5,896	7,772	32,488
Total Primary Government Net Position	\$ 90,991	\$ 94,897	\$ 98,444	\$ 108,624	\$ 113,360	\$ 120,836	\$ 133,050	\$ 145,244	\$ 152,680	\$ 149,334

NOTES:

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

TABLE 2

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2009	2007
Expenses:										
General government	\$ 22,299	\$ 13,004	\$ 9,770	\$ 8,068	\$ 11,142	\$ 10,844	\$ 7,542	\$ 7,796	\$ 5,609	\$ 4,829
Administration	3,280	3,882	3,803	4,018	4,147	3,769	3,625	3,677	3,811	2,672
Public safety	38,986	38,754	38,410	41,506	38,471	37,014	35,817	36,067	35,298	23,369
Public services	27,559	18,586	27,538	25,314	27,673	27,911	31,252	29,066	30,445	19,984
Education	159,930	149,823	142,617	138,265	132,771	131,342	124,894	123,520	139,957	101,920
Health and welfare	4,054	4,183	5,503	5,728	5,929	5,906	5,313	5,709	6,149	3,530
General charges *										15,406
Grants to agencies		3,073	9,072	4,051	3,889	3,938	3,656	3,735	2,507	2,552
Interest on long-term debt	2,810	4,653	2,711	2,703	2,085	1,972	3,226	3,471	3,665	3,486
Total governmental activities expenses	258,918	235,958	239,424	229,653	226,106	222,696	215,325	213,041	227,441	177,748
Business-type activities:										
Milford Golf Course	81	64	64	69	88	68	115	92	78	67
Harbor Management	234	235	242	230	287	307	335	420	285	379
Total business-type activities expenses	315	299	306	299	375	375	450	512	363	446
Total primary government expenses	259,233	236,257	239,730	229,952	226,481	223,071	215,775	213,553	227,804	178,194
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,858	1,779	1,125	1,562	977	1,131	1,178	1,234	1,462	4,431
Public service	1,778	1,432	1,627	1,639	802	61	1,385	1,378	2,127	2,285
Education	2,672	2,435	1,627	1,702	2,705	2,754	2,682	2,679	2,674	2,759
Other	4,100	4,166	3,374	3,410	2,766	2,616	2,006	1,188	1,042	1,284
Operating grants and contributions	31,072	29,527	36,980	29,867	29,730	27,489	28,258	27,647	52,237	20,746
Capital grants and contributions	18,527	3,046	115	1,753	3,426		454	4,081	6,803	2,768
Total governmental activities program revenues	60,007	42,385	44,848	39,933	40,406	34,051	35,963	38,207	66,345	34,273
Business-type activities:										
Charges for services:										
Golf fees	87	85	84	80	74	73	70	70	70	70
Harbor fees	248	242	249	252	267	252	249	258	280	273
Operating grants and contributions	26					60	38	74	74	74
Capital grants and contributions		272								
Total business-type activities program revenues	361	599	333	332	341	385	357	402	424	417
Total primary government program revenues	60,368	42,984	45,181	40,265	40,747	34,436	36,320	38,609	66,769	34,690

(Continued on next page)

TABLE 2

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2009	2007
Net (expense) revenue:										
Governmental activities	\$ (198,911)	\$ (193,573)	\$ (194,576)	\$ (189,720)	\$ (185,700)	\$ (188,645)	\$ (179,362)	\$ (174,834)	\$ (161,096)	\$ (143,475)
Business-type activities	46	300	27	33	(34)	10	(93)	(110)	61	(29)
Total primary government net expense	<u>(198,865)</u>	<u>(193,273)</u>	<u>(194,549)</u>	<u>(189,687)</u>	<u>(185,734)</u>	<u>(188,635)</u>	<u>(179,455)</u>	<u>(174,944)</u>	<u>(161,035)</u>	<u>(143,504)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	185,435	180,864	174,885	170,870	161,252	160,134	152,330	152,856	149,025	137,726
Grants and contributions not restricted to specific programs	9,125	8,321	8,693	11,327	14,103	13,665	13,040	10,612	11,357	10,055
Unrestricted investment earnings	188	49	72	1,735	1,600	1,716	1,080	689	2,471	3,020
Other general revenues	210	195	718	926	1,301	905	809	3,344	1,509	1,445
Transfers in	23	10	260	4	17	9	3			
Gain on sale of capital assets				93						
Total governmental activities	<u>194,981</u>	<u>189,439</u>	<u>184,628</u>	<u>184,955</u>	<u>178,273</u>	<u>176,429</u>	<u>167,262</u>	<u>167,501</u>	<u>164,362</u>	<u>152,246</u>
Business-type activities:										
Unrestricted investment earnings	1				2	1	2	7	19	26
Transfers out	(23)	(10)	(260)	(4)	(17)	(9)	(3)			
Contributed assets										47
Total business-type activities	<u>(22)</u>	<u>(9)</u>	<u>(259)</u>	<u>(4)</u>	<u>(15)</u>	<u>(8)</u>	<u>(1)</u>	<u>7</u>	<u>19</u>	<u>73</u>
Total primary government	<u>194,959</u>	<u>189,430</u>	<u>184,369</u>	<u>184,951</u>	<u>178,258</u>	<u>176,421</u>	<u>167,261</u>	<u>167,508</u>	<u>164,381</u>	<u>152,319</u>
Change in Net Position:										
Governmental activities	(3,930)	(4,134)	(9,948)	(4,765)	(7,427)	(12,216)	(12,100)	(7,333)	3,266	8,771
Business-type activities	24	291	(232)	29	(49)	2	(94)	(103)	80	44
Total Primary Government	<u>\$ (3,906)</u>	<u>\$ (3,843)</u>	<u>\$ (10,180)</u>	<u>\$ (4,736)</u>	<u>\$ (7,476)</u>	<u>\$ (12,214)</u>	<u>\$ (12,194)</u>	<u>\$ (7,436)</u>	<u>\$ 3,346</u>	<u>\$ 8,815</u>

Notes:

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

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

TABLE 3

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 3,341	\$ 3,176	\$ 2,633	\$ 1,911
Unreserved							14,462	16,070	15,955	13,929
Nonspendable	21	21	21	21	21	438				
Committed	1,090	1,055	1,054	1,033	1,212	2,699				
Assigned	8,094	7,696	6,959	7,875	4,198	7,545				
Unassigned	20,668	16,336	14,814	14,945	15,638	12,841				
Total General Fund	\$ <u>29,873</u>	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	\$ <u>15,840</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 19,801	\$ 10,860	\$ 31,059	\$ 51,429
Unreserved, reported in:										
Special revenue funds							7,174	6,485	6,584	6,055
Debt service funds							4,387	5,554	4,490	3,511
Capital projects funds							(19,566)	(61,979)	(73,655)	(64,055)
Nonspendable	30	41	71	84	77	23				
Restricted	358	468	3,845	3,802	3,364	2,090				
Committed	14,224	18,508	19,068	28,863	18,297	28,103				
Assigned			86	4,165	3,802					
Unassigned	(10,919)	(16,238)	(24,557)	(35,789)	(31,896)	(33,171)				
Total All Other Governmental Funds	\$ <u>3,693</u>	\$ <u>2,779</u>	\$ <u>(1,487)</u>	\$ <u>1,125</u>	\$ <u>(6,356)</u>	\$ <u>(2,955)</u>	\$ <u>11,796</u>	\$ <u>(39,080)</u>	\$ <u>(31,522)</u>	\$ <u>(3,060)</u>

Notes:

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

TABLE 4

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

(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes and assessments	\$ 184,213	\$ 178,740	\$ 173,069	\$ 171,708	\$ 162,014	\$ 159,555	\$ 151,428	\$ 151,760	\$ 147,515	\$ 136,715
Fines, forfeitures, penalties and interest	1,293	1,239	1,058	1,632	1,487	1,654	993	1,072	1,091	1,011
Intergovernmental	51,231	34,119	39,265	37,519	41,805	33,206	36,907	37,949	65,565	29,908
Charges for services	8,299	7,744	6,737	7,310	6,079	6,925	7,609	6,720	7,220	8,614
Investment income	243	98	117	149	113	174	231	689	2,865	3,692
Other	10,145	8,979	8,503	7,615	8,458	9,133	6,117	6,546	6,032	6,600
Total revenues	<u>255,424</u>	<u>230,919</u>	<u>228,749</u>	<u>225,933</u>	<u>219,956</u>	<u>210,647</u>	<u>203,285</u>	<u>204,736</u>	<u>230,288</u>	<u>186,540</u>
Expenditures:										
General government	4,775	4,219	4,672	4,827	7,304	7,084	4,981	4,591	4,268	4,483
Administration	2,493	2,496	2,529	2,492	2,435	2,462	2,397	2,404	2,422	2,341
Public safety	27,503	27,137	25,937	25,129	24,562	24,317	23,712	23,555	22,588	21,910
Public services	12,582	12,058	12,238	12,235	17,591	17,901	19,949	17,991	17,170	17,353
Education	135,818	128,303	130,942	126,127	122,074	118,811	115,871	113,944	135,532	101,972
Health and welfare	3,826	3,479	3,733	3,687	3,930	3,864	3,554	3,747	3,827	3,332
General charges	23,832	23,635	21,961	19,324	21,295	15,453	15,948	16,619	18,594	15,406
Other	2,606	2,651	2,642	2,640	2,626	2,646	2,504	2,561	2,500	2,484
Capital outlay	30,014	19,395	31,345	30,914	31,606	25,528	14,423	30,745	46,475	23,602
Debt service - principal	8,910	10,804	8,825	8,373	8,831	7,562	6,745			
Debt service - interest	6,569	5,028	3,823	3,566	3,182	3,364	3,303			
Debt service*								9,001	9,246	9,238
Total expenditures	<u>258,928</u>	<u>239,205</u>	<u>248,647</u>	<u>239,314</u>	<u>245,436</u>	<u>228,992</u>	<u>213,387</u>	<u>225,158</u>	<u>262,622</u>	<u>202,121</u>
Excess of Revenue Under Expenditures	<u>(3,504)</u>	<u>(8,286)</u>	<u>(19,898)</u>	<u>(13,381)</u>	<u>(25,480)</u>	<u>(18,345)</u>	<u>(10,102)</u>	<u>(20,422)</u>	<u>(32,334)</u>	<u>(15,581)</u>
Other Financing Sources (Uses):										
Lease principal receipts										
Issuance of bonds	8,350	14,195	16,000	23,405	15,329	13,240	59,246	13,500	6,620	7,100
Capital leases										208
Issuance of refunding bonds	16,015	14,935		14,045	8,765		16,087			
Payment to refunded bond escrow agent	(18,698)	(17,312)		(15,469)	(9,332)		(15,899)			
Premium on issuance of debt	3,391	3,004		1,566	692					
Cost of debt issuance										
Sale of capital assets				116	11		98	22		14,969
Transfers in	3,165	1,344	2,968	2,968	4,121	2,998	2,333	3,332	3,163	3,410
Transfers out	(3,040)	(1,354)	(2,964)	(2,964)	(4,198)	(2,687)	(2,330)	(3,332)	(3,163)	(3,310)
Total other financing sources	<u>9,183</u>	<u>14,812</u>	<u>16,004</u>	<u>23,667</u>	<u>15,388</u>	<u>13,551</u>	<u>59,535</u>	<u>13,522</u>	<u>6,620</u>	<u>22,377</u>
Net Change in Fund Balances	<u>\$ 5,679</u>	<u>\$ 6,526</u>	<u>\$ (3,894)</u>	<u>\$ 10,286</u>	<u>\$ (10,092)</u>	<u>\$ (4,794)</u>	<u>\$ 49,433</u>	<u>\$ (6,900)</u>	<u>\$ (25,714)</u>	<u>\$ 6,796</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>6.5%</u>	<u>7.0%</u>	<u>5.8%</u>	<u>5.7%</u>	<u>5.6%</u>	<u>5.37%</u>	<u>5.05%</u>	<u>4.63%</u>	<u>4.28%</u>	<u>5.17%</u>

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

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

CITY OF MILFORD, CONNECTICUT
EIGHT YEAR SUMMARY OF AUDITED REVENUES AND EXPENDITURES, NEXT FISCAL YEAR BUDGET
FISCAL YEAR 2008-2016
(In Thousands)

	Adopted Budget 2016-17	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012	Actual 6/30/2011	Actual 6/30/2010	Actual 6/30/2009	Actual 6/30/2008
Revenues:										
Property taxes and assessments	\$ 175,031	\$ 177,034	\$ 171,858	\$ 165,899	\$ 164,236	\$ 155,213	\$ 153,080	\$ 146,157	\$ 146,819	\$ 142,244
Intergovernmental revenue	11,437	25,086	24,254	27,759	26,789	26,930	22,384	22,212	24,521	16,492
Fines, forfeitures, penalties and interest	1,293	1,244	1,199	1,058	1,632	1,487	1,654	993	1,072	1,091
Investment income	195	191	89	75	64	62	113	152	467	1,994
Other	16,509	11,089	8,962	8,236	8,236	8,907	9,215	6,129	6,633	7,411
Total revenues	<u>204,465</u>	<u>214,644</u>	<u>206,362</u>	<u>203,027</u>	<u>200,957</u>	<u>192,599</u>	<u>186,446</u>	<u>175,643</u>	<u>179,512</u>	<u>169,232</u>
Expenditures:										
General government	4,329	3,951	3,930	3,885	3,894	3,869	3,968	3,419	3,322	3,348
Administration	2,724	2,493	2,496	2,529	2,492	2,435	2,462	2,397	2,404	2,417
Public safety	25,850	25,376	24,393	23,686	23,142	22,837	22,654	22,448	22,427	21,396
Public services	12,105	11,832	11,272	11,691	11,527	11,455	11,696	11,401	11,825	11,382
Education	117,780	124,576	119,634	123,068	119,070	114,635	109,306	106,657	106,963	95,534
Health and welfare	1,693	1,640	1,615	1,645	1,576	1,656	1,695	1,629	1,649	1,644
General charges	26,718	23,832	23,635	21,961	19,324	21,295	15,453	15,948	16,619	18,594
Grants to agencies	3,146	2,606	2,651	2,642	2,640	2,626	2,646	2,504	2,561	2,500
Debt service	10,120	13,466	13,839	12,648	11,939	12,013	10,926	10,048	9,001	9,142
Total expenditures	<u>204,465</u>	<u>209,772</u>	<u>203,465</u>	<u>203,755</u>	<u>195,604</u>	<u>192,821</u>	<u>180,806</u>	<u>176,451</u>	<u>176,771</u>	<u>165,957</u>
Excess of revenues over (under) expenditures	\$ <u>-</u>	<u>4,872</u>	<u>2,897</u>	<u>(728)</u>	<u>5,353</u>	<u>(222)</u>	<u>5,640</u>	<u>(808)</u>	<u>2,741</u>	<u>3,275</u>
Other financing sources (uses):										
Issuance of refunding bonds		16,015	14,935		14,045	8,765		15,470		
Payment to refunded bond escrow agent		(18,698)	(17,312)		(15,469)	(9,332)		(15,899)		
Premium on issuance of debt		3,391	3,004		1,566	692		617		
Sale of capital assets					116	11		98	22	
Transfers in				1,327	21	596	456	545		1,000
Transfers out		(815)	(1,264)	(1,625)	(2,827)	(2,964)	(2,002)	(1,466)	(2,105)	(1,530)
Net other financing uses		<u>(107)</u>	<u>(637)</u>	<u>(298)</u>	<u>(2,548)</u>	<u>(2,232)</u>	<u>(1,546)</u>	<u>(635)</u>	<u>(2,083)</u>	<u>(530)</u>
Net change in fund balances		4,765	2,260	(1,026)	2,805	(2,454)	4,094	(1,443)	658	2,745
Fund equity, beginning year, as restated*		25,108	22,848	23,874	21,069	23,523	19,429	19,246	18,588	15,840
Residual equity transfer										3
Fund Equity, End of Year	\$ <u>29,873</u>	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	
Reserve for encumbrances	\$	\$	\$	\$	\$	\$	\$	3,319	\$ 3,154	\$ 2,612
Reserved for other purposes								22	22	21
Reserve for subsequent years								2,000	3,750	1,750
Unreserved - undesignated								12,462	12,320	14,205
Nonspendable		21	21	21	21	21	438			
Committed		1,090	1,055	1,054	1,033	1,212	2,699			
Assigned		8,094	7,696	6,959	7,875	4,198	7,545			
Unassigned		<u>20,668</u>	<u>16,336</u>	<u>14,814</u>	<u>14,945</u>	<u>15,638</u>	<u>12,841</u>			
Fund Equity	\$ <u>29,873</u>	\$ <u>25,108</u>	\$ <u>22,848</u>	\$ <u>23,874</u>	\$ <u>21,069</u>	\$ <u>23,523</u>	\$ <u>17,803</u>	\$ <u>19,246</u>	\$ <u>18,588</u>	

TABLE 6

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

2016-2020

(In Thousands)

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>Total</u>
Proposed Projects:					
Education	\$ 9,080	\$ 15,500	\$ 12,850	\$ 14,550	\$ 51,980
Sewers	5,688	10,080	9,980		25,748
Fire	35	120		600	755
Police	20,000				20,000
Roads/Drainage	1,500	1,500	1,500	1,500	6,000
Buildings		340	325		665
Erosion/Flood control	35				35
Recreation	10,000	200	125		10,325
Total	<u>\$ 46,338</u>	<u>\$ 27,740</u>	<u>\$ 24,780</u>	<u>\$ 16,650</u>	<u>\$ 115,508</u>
Proposed Funding:					
Pay-As-You-Go	\$ 185	\$ 200	\$ 150	\$ 150	\$ 685
Bonds	41,763	19,940	21,030	12,525	95,258
Grants	4,390	7,600	3,600	3,975	19,565
Total	<u>\$ 46,338</u>	<u>\$ 27,740</u>	<u>\$ 24,780</u>	<u>\$ 16,650</u>	<u>\$ 115,508</u>

TABLE 7

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

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

Notes:

(1) Does not include supplemental motor vehicles.

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

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

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

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

TABLE 8

**CITY OF MILFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
FY 2016 and FY2007**

(In Thousands)

Taxpayers	Nature of Business	2016			2007		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Connecticut Post Limited Partnership	Regional Shopping Mall	\$ 135,310	1	2.12%	\$ 83,918	1	2.20%
Connecticut Light and Power Company	Utility	109,403	2	1.71%			
Milford Crossing Investors LLC	Retail	61,950	3	0.97%			
Wolff	Office/Retail/Apartments	51,316	4	0.80%			
JP Construction Company/Avalon Bay	Apartments	28,201	5	0.44%	13,271	7	0.35%
Crown Milford, LLC	Office Park	28,023	6	0.44%	26,737	5	0.70%
Smith Craft Real Estate, ETALS	Real Estate Developer	27,882	7	0.44%	34,301	3	0.90%
Schick Manufacturing Inc.	Manufacturer - Razors	27,129	8	0.42%	27,367	4	0.72%
D'Amato Investments, LLC	Real Estate Development	24,227	9	0.38%	20,441	6	0.54%
Keystone Milford LLC	Retail (Stop & Shop)						
Devon Power	Utility	20,046	10	0.31%			
Casey Associates	Retail/Nbhd Shopping Mall				9,178	10	0.24%
Bic Corporation	Manufacturer - Pens, Razors				43,645	2	1.14%
Southern Connecticut Gas Company	Utility				12,807	8	0.34%
Merritt Acquisition LLC	Office Park				12,673	9	0.33%
TOTAL		\$ 513,487		8.04%	\$ 284,338		7.45%

Source: City of Milford, Office of Tax Assessor

TABLE 9

**CITY OF MILFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

(In Thousands)

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For This Fiscal Year	Collected Within The Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date (6/30/16)	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2016	27.88	\$ 178,307	\$ 174,556	97.90%	\$ N/A	\$ 174,556	97.90%
2015	27.22	173,728	169,954	97.83%	2,120	172,074	99.05%
2014	26.28	168,390	164,519	97.70%	1,185	165,704	98.40%
2013	25.60	163,674	160,911	98.10%	1,957	162,868	97.76%
2012	28.89	156,123	153,158	97.76%	2,421	155,579	99.04%
2011	28.44	154,259	150,811	98.13%	1,783	152,594	99.40%
2010	28.23	146,895	144,148	97.62%	2,955	147,103	99.55%
2009	28.23	148,604	145,060	98.50%	1,663	146,723	99.64%
2008	31.77	142,432	140,289	99.34%	456	140,745	99.73%
2007	34.36	130,409	129,553	98.45	1,606	131,159	99.78%

CITY OF MILFORD, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(In Thousands, except per capita)

Fiscal Year	Governmental Activities		Long-Term Notes Payable	Capital Leases	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds					
2016	\$ 121,805	\$	31,154	\$	1.86	\$ 2,892
2015	127,266		33,289		1.94	2,412
2014	120,866		35,400		2.20	2,673
2013	111,570		37,460		2.08	2,115
2012	96,615		39,488		1.79	1,833
2011	89,100		41,476	44	1.64	1,594
2010	82,985		43,426	44	1.54	1,484
2009	74,220		2,062	84	1.42	1,419
2008	66,905		2,174	124	1.50	1,214
2007	66,500		2,284	162	1.74	1,214

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

CITY OF MILFORD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2016
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2016					\$	177,575
Reimbursement for revenue loss on:						
Tax relief for the elderly						-
Base					\$	<u>177,575</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Bonds	
Debt Limitation:						
2-1/4 times base	\$ 399,544	\$	\$	\$	\$	
4-1/2 times base		799,088				
3-3/4 times base			665,906			
3-1/4 times base				577,119		
3 times base						532,725
Total debt limitation	<u>399,544</u>	<u>799,088</u>	<u>665,906</u>	<u>577,119</u>		<u>532,725</u>
Indebtedness:						
Bonds payable	40,072	39,085	42,648			
Notes payable	5,610	7,540	2,525			
CWF project loan obligation			31,154			
Authorized, unissued debt	39,887	15,192	18,788			
Less school construction grants		(294)				
Total indebtedness	<u>85,569</u>	<u>61,523</u>	<u>95,115</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 313,975</u>	<u>\$ 737,565</u>	<u>\$ 570,791</u>	<u>\$ 577,119</u>		<u>\$ 532,725</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,243,025).

TABLE 12

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 1,243,025	\$ 1,201,025	\$ 1,166,046	\$ 1,162,238	\$ 1,097,880	\$ 1,081,668	\$ 1,029,147	\$ 1,035,573	\$ 998,970	\$ 924,329
Total net debt applicable to limit	<u>242,207</u>	<u>209,101</u>	<u>221,221</u>	<u>214,742</u>	<u>185,100</u>	<u>201,730</u>	<u>188,550</u>	<u>175,948</u>	<u>183,701</u>	<u>174,476</u>
Legal Debt Margin	<u>\$ 1,000,818</u>	<u>\$ 991,924</u>	<u>\$ 944,825</u>	<u>\$ 947,496</u>	<u>\$ 912,780</u>	<u>\$ 879,938</u>	<u>\$ 840,597</u>	<u>\$ 859,625</u>	<u>\$ 815,269</u>	<u>\$ 749,853</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>19.49%</u>	<u>17.41%</u>	<u>18.97%</u>	<u>18.48%</u>	<u>16.86%</u>	<u>18.65%</u>	<u>18.32%</u>	<u>16.99%</u>	<u>18.39%</u>	<u>18.88%</u>

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, 2016
(In Thousands)

Long-term bonded (1)	
Bonds:	
Public Improvement	\$ 40,072
Schools	39,085
Sewers	42,648
Clean Water	<u>31,154</u>
Total long-term bonded debt	152,959
Short-term debt:	
Bond Anticipation Notes	<u>15,675</u>
Total Direct Debt	168,634
Less School Construction Grants - State of Connecticut (2)	<u>(294)</u>
Total Net Direct Debt and Overall Net Debt	<u><u>\$ 168,340</u></u>

Note: The City has no overlapping or underlying debt.

Population (3)	52,894
Net Taxable Grand List (10/01/14)	\$ 6,388,019
Estimated Full Value (70%)	\$ 9,125,737
Equalized Grand List (10/1/13) (4)	\$ 9,270,939
Money Income Per Capita (2010) (1)	\$ 40,797

	Total Direct Debt	Total Net Direct Debt
Per Capita	\$ 3,188.15	\$ 3,182.59
Ratio to net Taxable Grand List	2.64%	2.64%
Ratio to Estimated Full Value	1.85%	1.84%
Ratio to Equalized Grand List	1.82%	1.82%
Debt per Capita to Money Income per Capita	7.81%	7.80%

*Presented in thousands

(1) Excludes capital leases

(2) See "School Building Grant Reimbursements" herein

(3) U.S. Department of Commerce, Bureau of Census (2010)

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

TABLE 14

**CITY OF MILFORD, CONNECTICUT
RATIOS OF NET LONG-TERM DEBT TO VALUATION, POPULATION AND INCOME
LAST TEN FISCAL YEARS**

Fiscal Year	Grand List October 1,	In Thousands			Ratio of Net Long-Term Debt to Assessed Value	Ratio of Net Long-Term Debt to Estimated Full Value	(4) Population	Net Long-Term Debt Per Capita	Ratio of Net Long-Term Debt Per Capita to Per Capita Income (5)
		Net Assessed Value (1)	Estimated Full Value (2)	Net Long-Term Debt (3)					
2016	2014	\$ 6,388,019	\$ 9,125,737	\$ 152,665	2.39	1.67	52,894	\$ 2,886.24	7.07
2015	2013	6,385,238	9,120,339	157,414	2.47	1.73	52,759	3,351.61	8.74
2014	2012	6,418,236	9,168,908	155,520	2.42	1.70	52,759	2,947.74	10.21
2013	2011	6,399,852	9,142,646	148,010	2.31	1.62	52,759	2,805.40	9.71
2012	2010	5,410,069	10,578,868	112,669	2.08	1.07	52,759	2,015.29	6.98
2011	2009	5,430,922	10,603,075	128,728	2.37	1.21	55,907	2,302.54	7.97
2010	2008	5,377,363	10,578,868	80,622	1.50	0.76	55,907	1,442.07	4.99
2009	2007	5,251,646	10,603,075	74,862	1.43	0.71	55,455	1,349.96	4.63
2008	2006	4,472,546	10,546,040	67,342	1.50	0.94	55,127	1,217.48	4.22
2007	2005	3,814,867	5,449,810	61,564	1.61	1.13	54,802	1,123.00	3.80

(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 (2010)

(5) Money Income Per Capita: \$38,822, U.S. Census Bureau/American Community Survey 2008-2012, used for FY2016 calculations.

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

**CITY OF MILFORD, CONNECTICUT
AUTHORIZED BUT UNISSUED DEBT
JUNE 30, 2016**

<i>Project</i>	Total Amount of Authorization	Bonds Issued	Statutory Paydown	Grants	Note Payable Due 11/7/2016	Authorized But Unissued		
						General Purpose	Schools	Sewers
Recreation Facilities Improvements	\$ 1,310,000	\$ 1,304,700	\$	\$	\$	5,300	\$	\$
Pepe's Farm Rd & Woodmont Rd	1,370,000	1,202,000				168,000		
Stowe Property	895,000	802,000				93,000		
Milford Academy Renovations	2,650,000	2,570,500	2,250			77,250		
Various Public Improvements (Feb 04)	2,483,065	2,406,765				76,300		
Various Public Improvements (Nov 04)	3,347,500	3,152,200		68,053	23,000	104,247		
Various Public Improvements (Mar 05)	1,134,500	1,112,200	150			22,150		
Road Resurfacing	715,000	704,000				11,000		
Various Public Improvements (Feb 07)	4,620,300	3,722,185		4,082	470,000	424,033		
Various Public Improvements (Apr 08)	3,715,559	3,081,450			3,000	631,109		
Various Public Improvements (Feb 10)	6,292,000	5,840,600		12,725		438,675		
Various Public Improvements (Feb 11)	6,588,000	5,643,500			34,000	910,500		
Various Public Improvements (Apr 11)	1,685,000	1,432,000				253,000		
Eastside Firehouse	4,950,000	4,368,000			29,000	553,000		
Woodmont Beach FEMA (Mar 12)	534,000	123,000		402,112		8,888		
Various Public Improvements (Feb 12)	6,088,600	1,760,000		614,291	936,000	2,778,309		
Various Public Improvements (Feb 13)	7,533,000	4,388,500			618,000	2,526,500		
Various Public Improvements (Feb 14)	8,717,500	951,000			1,219,000	6,547,500		
Various Public Improvements (Feb 15)	10,307,230	231,000		89,830	1,348,000	8,638,400		
Various Public Improvements (Feb 16)	12,889,500				5,000	12,884,500		
Naugatuck Ave Drainage Imp Phase 2: Sep. 2015	3,759,266			122,716	925,000	2,711,551		
General Public Improvements	1,775,538	1,751,800				23,738		
Subtotal General Improvement	93,360,558	46,547,400	2,400	1,313,809	5,610,000	39,886,949	-	-
Various School Improvements (Feb 07)	18,489,511	12,591,600		5,282,494			615,417	
Various School Improvements (Apr 08)	1,440,000	1,197,000		130,736	28,700		83,564	
J. Law Phase III Construction (Aug 09)	4,050,000	2,500,000		1,332,513			217,487	
Various School Improvements (Feb 10)	9,640,000	6,121,400		2,976,430			542,170	
Various School Improvements (Feb 11)	5,630,000	3,624,806		1,990,194	15,000			
Various School Improvements (Feb 12)	12,002,883	5,000,000		5,298,629	2,083,000		(378,746)	
Various School Improvements (Feb 13)	9,449,948	3,495,000		4,116,482	2,195,000		(356,534)	
Various School Improvements (Feb 14)	3,456,229	1,673,000		364,076	1,363,000		56,153	
Various School Improvements (Feb 15)	10,390,000	529,000		192,952	1,855,300		7,812,748	
Various School Improvements (Feb 16)	6,599,500						6,599,500	
Subtotal Schools	81,148,071	36,731,806	-	21,684,505	7,540,000	-	15,191,760	-

(Continued on next page)

CITY OF MILFORD, CONNECTICUT
AUTHORIZED BUT UNISSUED DEBT (CONTINUED)
JUNE 30, 2016

<i>Project</i>	Total Amount of Authorization	Bonds Issued	Statutory Paydown	Grants	Note Payable Due 11/7/2016	Authorized But Unissued		
						General Purpose	Schools	Sewers
Wastewater Facilities Upgrade	\$ 33,150,940	\$ 29,777,200	\$	\$	\$ 700,000	\$	\$	\$ 2,673,740
Sewers XIII	2,555,000	2,092,400						462,600
Sewers XIV Design Phase	930,000	589,400						340,600
East/West Interceptor	4,250,000	4,065,000						185,000
Buckingham Ave Force Main	4,650,000	4,030,000						620,000
Roger Ave Pump & High St Sewer	2,623,500	1,500,000						1,123,500
Sewers XV	4,625,000	3,230,800						1,394,200
Sewers XVI	275,000	251,000			2,000			22,000
Sewers XVII	2,319,155	2,232,000						87,155
Sewers XVIII	4,254,000	2,840,000			800,000			614,000
Sewers XIX	187,000	150,000			21,000			16,000
Rock St & Welches Point Pump Stations Feb 2015	6,934,670	50,000			552,000			6,332,670
Sewer Darina Place February 2015	550,000				55,000			495,000
Indian River Interceptor Phase 3 Feb. 2015	1,650,000	280,000			300,000			1,070,000
Edgefield Ave Sewer Pipe Lining Feb. 2016	455,000				15,000			440,000
Edgefield Ave - Seabreeze Ave Sewer Feb. 2016	2,645,100				50,000			2,595,100
Beaver Brook Wastewater Plant Feb. 2016	346,100				30,000			316,100
Subtotal Sewers	72,400,465	51,087,800	-	-	2,525,000	-	-	18,787,665
Totals	\$ 246,909,094	\$ 134,367,006	\$ 2,400	\$ 22,998,314	\$ 15,675,000	\$ 39,886,949	\$ 15,191,760	\$ 18,787,665

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

Calendar Year	Population(1)	Per Capita Income(2)	Total Personal Income	Median Age(2)	School Enrollment(3)	Unemployment Rate(4)
2016	53,039	\$ 40,797	\$ 2,163,832,083	43.6	6,125	4.7
2015	52,759	39,822	2,100,968,898	42.7	6,245	4.5
2014	52,759	39,822	2,100,968,898	42.5	6,602	6.0
2013	52,759	38,351	2,023,360,409	43.3	6,659	7.1
2012	52,759	38,351	2,023,360,409	43.3	6,849	6.9
2011	55,907	28,832	1,611,910,624	39.4	7,069	7.8
2010	55,907	28,882	1,614,705,974	39.4	7,166	8.6
2009	55,455	28,882	1,601,651,310	39.4	7,306	7.5
2008	55,127	28,882	1,592,178,014	39.4	7,374	5.0
2007	54,802	28,882	1,582,791,364	39.4	7,389	3.8

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

(2) Source: U.S. Census Bureau/American Community Survey 2008-2014

(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
2016 AND 2007**

Business Name	Nature of Business	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
City of Milford Board of Education	Municipal School System	1,114	1	3.88%	1,168	1	3.74%
Subway World Headquarters	Corporate Headquarters - Food Franchiser	911	2	3.18%	634	4	2.03%
Milford Hospital	Healthcare	723	3	2.52%	863	2	2.76%
City of Milford	Municipal Government	539	4	1.88%	559	5	1.79%
Schick	Manufacturer - Razors	500	5	1.74%	692	3	2.21%
Neopost Hasler, Inc.	Postage Meter Company	381	6	1.33%			
Macy's	Retail Department Store	320	7	1.12%	250	9	0.80%
Shop Rite	Food Retail	315	8	1.10%			
Super Stop & Shop	Food Retail	273	9	0.95%			
Costco	Wholesale Club	246	10	0.86%			0.00%
BIC Corporation	Manufacturer Lighters				423	6	1.35%
Walmart	Retail Department Store				320	7	1.02%
Eastern Gab & Paper	Wholesale Distributor - Paper				315	8	1.01%
Warnaco (Part of HQ)					244	10	0.78%
TOTAL		5,322		18.55%	5,468		17.49%
Total Employment		28,684			31,266		

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government	119	130	127.5	125.85	117.85	126.72	126.72	125.72	125.72	125.72
Police	137	129	127	128	127	130	130	129	132	131
Fire	121	121	121	123	126	127	127	127	127	127
Refuse collection	27	29	31	30	31	33	33	31	33	33
Other public works	79	74	77	79	79	84	85	81	87	85
Wastewater	31	31	31	31	31	29	27	25	31	31
Parks and recreation	6	6	6	6	6	7	7	7	7	7
Library	18.99	18.99	19.5	19.15	19.15	19.28	19.28	19.28	19.28	19.28
Education	<u>1,069.3</u>	<u>1,086.4</u>	<u>1,076.2</u>	<u>1,106</u>	<u>1,111.97</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>
Total	<u>1608.25</u>	<u>1625.39</u>	<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>

Source: Various City Departments

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Building permits issued	71	60	71	67	35	52	68	67	47	122
All other permits	1,246	1,019	994	1,179	3,377	2,966	2,826	2,705	3,221	3,814
Building inspections conducted	5,756	4,994	5,923	5,201	4,878	4,750	5,878	7,581	8,265	8,712
Police:										
Physical arrests	1,541	988	1,267	1,251	2,806	2,773	1,900	2,065	1,772	2,421
Parking violations	1,337	1,270	900	1,748	3,622	4,299	4,673	3,637	4,097	4,252
Traffic violations	2,899	4,112	2,260	2,221	9,277	8,341	8,224	11,507	9,241	11,450
Fire:										
Emergency responses	7,900	7,854	7,617	7,951	8,108	7,749	7,819	7,369	7,731	7,170
Fires extinguished	259	148	140	126	201	180	150	169	265	253
Refuse collection:										
Refuse collected (tons per day)	16,595.00	14,611.15	15,597.00	16,192.44	11,153.56	15,223.90	15,590.09	14,603.81	14,141.73	14,282.05
Recyclables collected (tons per day)	4,090.00	3,946.41	4,224.00	4,354.07	4,273.16	2,557.37	2,574.55	2,779.02	3,238.55	2,898.86
Other public works:										
Street resurfacing (miles)	12.68	8.30	4.70	3.27	2.5	2.26	5.84	2.50	6.23	6.06
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	125,852	129,341	127,773	128,182	126,055	126,118	124,590	120,506	121,159	119,224
Total volumes borrowed	171,632	183,797	193,511	195,902	198,276	211,825	220,213	210,245	195,837	182,942
Wastewater:										
Average daily sewage treatment (thousands of gallons)	6,876	7,235	8,700	8,700	10,000	10,000	8,700	10,250	10,250	11,100

Source: Various City Departments

TABLE 20

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular patrol units	43	42	42	40	40	40	40	40	40	40
Fire stations	6	4	4	4	5	5	5	5	5	5
Refuse collection:										
Collection trucks	13	13	13	13	15	11	11	11	11	11
Other public works:										
Streets (miles)	204	199	199	199	199	199	199	199	199	199
Traffic signals	137	136	136	136	135	134	134	134	131	131
Parks and recreation:										
Open space parks	8	8	8	8	8	8	8	8	8	8
Ball/Soccer/Football fields	38	38	38	38	38	38	38	38	38	38
Playgrounds	20	20	20	19	19	23	23	23	23	23
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	5	5	5	5	5	5	5	5	5	5
Beach front mileage	11	11	11	11	11	11	11	11	11	11
Public beaches	5	5	5	5	5	5	5	5	5	5
Marina	1	1	1	1	1	1	1	1	1	1
Golf course - 9-hole executive	1	1	1	1	1	1	1	1	1	1
Water:										
Fire hydrants	1,689	1,415	1,404	1,410	1,407	1,402	1,397	1,390	1,377	1,377
Storage capacity (millions of gallons)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Wastewater:										
Sanitary sewers (miles)	263	262	262	260	260	260	260	260	260	260
Treatment capacity (thousands of gallons)	14,250	14,250	14,250	14,250	14,250	14,250	14,250	11,100	11,100	11,100
Education:										
High schools	2	2	2	2	2	2	2	2	2	2
Middle schools	3	3	3	3	3	3	3	3	3	3
Elementary schools	8	8	8	8	8	8	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*
2016	65	\$ 11,852	6	\$ 17,344	1,246	\$ 37,482	1,317	\$ 66,678
2015	54	7,887	6	6,706	1,019	31,675	1,079	46,268
2014	63	12,221	8	1,015	994	27,818	1,065	41,054
2013	48	6,120	19	4,520	1,179	37,973	1,246	48,613
2012	33	5,614	2	2,835	3,377	54,638	3,412	63,087
2011	34	5,799	5	1,755	2,979	45,933	3,018	53,487
2010	50	8,735	9	5,228	1067	36,720	1,126	50,683
2009	29	6,444	18	4,786	1,165	27,692	1,212	38,922
2008	34	7,195	13	7,828	3,223	81,867	3,268	96,890
2007	105	23,228	17	37,456	3,814	86,541	3,936	147,225

(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.