

City of West Haven, Connecticut

Annual Financial Report
June 30, 2016

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Introductory Section

City of West Haven, Connecticut

Principal Officials
June 30, 2016

Mayor

Edward M. O'Brien

City Council

- James O'Brien, Chairman
- Ronald Quagliani
- Louise Martone
- Nicholas Ruickoldt
- Ralph Eberle
- Tracy Morrissey
- James P. O'Brien
- David Riccio
- Dave Russell
- Sean P. Ronan
- Russell Aldrich
- Stacy Riccio
- Robin Hamilton
- David Forsyth

Administration

Adult Day Care Director	Ethel Anderson
Assessor.....	Ann Marie Gradoia
Building Official	Frank Gladwin
City Clerk.....	Deborah Collins
Community Development Agency.....	Mark Bisaccia
Corporation Counsel	Vincent Amendola, Esq.
Director of Finance.....	Kevin McNabola
Engineering	Abdul Quadir
Health Director	Maureen B. Lillis
Information Technology.....	David Richards
Library	Colleen Bailie
Parks and Recreation.....	William Slater
Planning and Development.....	Joseph Riccio
Public Works Director.....	Dominic Perrotti
Police Chief	John Karajanis
Purchasing and Risk Management.....	Robert Sandella
Senior Center Director	Sharon Mancini
Tax Collector	Eric Murillo
Youth and Family Services	Robert Morton
WPCA Administrator	Jack Crosby
Director of Personnel.....	Beth Sabo

Board of Education

Neil C. Cavallaro, Superintendent of Schools

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Financial Section



Independent Auditor's Report

RSM US LLP

City Council
City of West Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions - OPEB, the pension related schedules, and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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.

Supplementary and Other Information

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

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relates 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 fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, 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.

Other Reporting Required by Government Auditing Standards

In accordance with "*Government Auditing Standards*," we have also issued our report dated May 25, 2017, on our consideration of the City of West Haven, 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 West Haven, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
May 25, 2017

City of West Haven, Connecticut
Management's Discussion and Analysis - Unaudited
June 30, 2016

As management of the City of West Haven, Connecticut, we offer readers of the City of West Haven's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016.

Financial Highlights

- On a government-wide basis, the liabilities and deferred inflows of resources exceeded its assets and deferred outflow of resources at the close of the most recent fiscal year by \$(48,312,340) (net position (deficit)). Unrestricted net position (deficit), the amount that should be available to meet the City's ongoing obligations to citizens and creditors, was a deficit balance of \$(159,928,062) at June 30, 2016.
- On a government-wide basis, the City's total net deficit decreased by \$1,148,399
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances (deficits) of \$(17,797,529), an increase of \$144,830 in comparison with the prior year.
- At the end of the current fiscal year, fund balance (deficit) for the general fund was a deficit of \$(16,736,064). This deficit increased by \$6,538,967
- The City of West Haven's total bond/note debt decreased by a net of \$13,007,584 (9.8%) during the current fiscal year due to scheduled principal payments made during the year.
- The City Plans to Bond for the Unassigned Deficit within the next few months to address a 10 Year Long Standing Unassigned Fund Balance which currently stands at \$16.9M. The Unassigned Fund Balance includes eliminating Inter-fund Debt of several Special Revenue Funds that contained fund balance deficits over the last several years. Also included within the Bonding Package is \$9.6M of Capital Infrastructure and \$37.6M for the West Haven High School for a Total Bond Issuance of \$64.1M.
- The City's General Operating Budget was significantly impacted in Fiscal Year 2016 by the over expenditure of \$2.1M within the Special Education Budget which required the Excess Cost Grant to be fully utilized on the Revenue side of the City Operating Budget.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of West Haven's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position (deficit). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public works, health and welfare, parks and recreation, education, library and interest expense.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Improvement Fund, Sewer Fund, and Allingtown Fire District, which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its General Fund and Allingtown Fire District Fund. A budgetary comparison statement has been provided for the general fund and Allingtown Fire District to demonstrate compliance with these budgets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's pension plans, budgetary information and OPEB information. Required supplementary information can be found following the notes.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(48,312,340).

By far the largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of West Haven, Connecticut Summary Statement of Net Position

	June 30, 2016	June 30, 2015
Current and other assets	\$ 22,605,678	\$ 24,908,870
Capital assets	200,255,035	202,886,796
Total assets	222,860,713	227,795,666
Deferred outflows of resources	16,056,242	7,565,465
Long-term liabilities outstanding	252,398,917	249,329,974
Other liabilities	25,891,223	26,862,665
Total liabilities	278,290,140	276,192,639
Deferred inflows of resources	8,939,155	8,629,231
Net investment in capital assets	110,165,292	103,786,476
Restricted	1,450,430	199,656
Unrestricted	(159,928,062)	(153,446,871)
Total net position (deficit)	\$ (48,312,340)	\$ (49,460,739)

An additional portion of the City's net position (deficit) of \$1,450,430 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(159,928,062).

The City's net deficit decreased by \$1,148,399 during the current fiscal year.

City of West Haven, Connecticut
Changes in Net Position (Deficit)

	Year Ended June 30, 2016	Year Ended June 30, 2015
Revenues:		
Program revenues:		
Charges for services	\$ 18,806,853	\$ 18,206,034
Operating grants and contributions	69,612,238	70,338,355
Capital grants and contributions	6,670,007	6,224,629
General revenues:		
Property taxes	95,079,278	92,973,074
Grants not restricted to specific purposes	7,553,442	7,593,745
Investment income	6,718	7,766
Gain on sale of assets	-	1,448,500
Miscellaneous	1,043,784	278,459
Total revenues	198,772,320	197,070,562
Expenses:		
General government	7,774,273	7,477,278
Public Safety	32,061,576	34,474,682
Public Works	23,875,064	25,086,632
Health and Welfare	2,549,216	2,768,874
Parks and Recreation	2,186,667	1,968,356
Education	122,678,656	120,520,940
Library	1,778,657	1,798,324
Interest expense	4,719,812	3,525,526
Total expenses	197,623,921	197,620,612
Changes in net position	1,148,399	(550,050)
Net position (deficit), beginning	(49,460,739)	(48,910,689)
Net position (deficit), ending	\$ (48,312,340)	\$ (49,460,739)

- Operating grants, capital grants and contributions decreased by \$280,739 mainly due to a decrease in on behalf teacher payments of approximately \$1 million and a decrease in Medicare by approximately \$400 thousand that was offset by increased IDEA grants of approximately \$100 thousand and the increase in the Education Jobs grant of \$1 million.
- Property taxes revenue increased \$2,106,204 mainly due to the City had higher than anticipated property tax collections including Supplemental Motor Vehicle and older property tax receivables.
- Gain on sale of assets decreased by \$1,517,900 mainly due to the selling of a parcel of land and a fire truck in FY 2015.
- Public safety expenses decreased by \$2,413,106 mainly due to the change increase in deferred outflows related to the net difference between projected and actual earnings on plan investments for the City pension and Allingtown Fire pension plans.
- Public works expenses decreased by \$1,280,968 mainly due to an increase in benefits expense in the City.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending deficit fund balances of \$(17,797,529), an increase in the deficit of \$144,830 in comparison with the prior year. The increase in the deficit was due substantially to the increased expenditures in the current year.

Unassigned fund balance (deficit) totals (\$19,550,142), which includes the (\$16,888,415) from the General Fund, (\$266,994) for the Non-major funds, (\$1,706,548) for the Sewer Fund and (\$688,185) for the Allingtown Fire District. The remainder of the fund balance is classified as follows: Nonspendable \$302,183 and Restricted \$1,450,430.

The *General Fund* is the operating fund of the City. At the end of the current fiscal year, unassigned deficit fund balance of the General Fund was (\$16,888,415).

The *Capital Improvement Fund* recorded intergovernmental revenues totaling \$6,463,576 during the year. Expenditures totaled \$3,257,037. The fund balance decreased by \$3,206,539 to \$112,255 at June 30, 2016.

The *Allingtown Fire District Fund* recorded property tax revenue of \$6,210,846. Expenditures in the fund totaled \$6,485,365. The deficit fund balance increased by \$1,083,918 for a fund balance deficit of (\$688,185) at June 30, 2016.

The *Sewer Fund* recorded revenue of \$11,449,897. Expenditures in the fund totaled \$9,714,491. The deficit fund balance increased by \$294,638 at June 30, 2016.

General Fund Budgetary Highlights

There were budget adjustments made during the year between the original budget and the final amended budget. Significant budgetary variances were as follows:

- Under Intergovernmental Revenues ECS was Budgeted at \$45,496,942 but increased by \$499,624 for all day Kindergarten during the year for a new Adjusted Budget of \$45,996,566.
- Intergovernmentals were under budget by \$1,265,242 due mainly to the excess cost - student-based grants of \$2,168,022 being used by the Board of Education to offset current year expenditures.
- Building and electrical permits were under budget by \$222,458 and \$385,686, respectively, due to decreased renovations at Yale University and the timing of various City development projects.
- Plumbing and heating permits and zoning permits were under budget by \$282,933 and \$304,884, respectively, due to decreased renovations at Yale and timing of various City development projects.
- Sale of property was over budget due to the sale of various properties including 105 Water St. 16 Elm St. 70 Water St., 3 Richards Pl. 7 Richards Pl. and 66-80 Water St.
- Benefits and insurance was over budget by \$1,332,979 due to an increase in Health Insurance Claims and \$744,150 due to Worker's Compensation Claims.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$200,255,035 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, building and improvements, vehicles, machinery and equipment, and infrastructure. The increase in the City's net capital assets for the current fiscal year was \$2,631,761 or 1.3%.

Major capital asset events during the current fiscal year included the following:

- Construction in progress increased \$1,530,267 mainly due to Campbell Avenue project and due to the start of the new West Haven High School.

City of West Haven, Connecticut Capital Assets - Net

	June 30, 2016	June 30, 2015
Land	\$ 16,356,092	\$ 16,356,092
Construction in progress	14,234,834	12,704,567
Land improvements	8,768,412	9,100,048
Buildings and improvements	105,451,107	108,803,377
Vehicles	2,592,999	1,842,050
Machinery and equipment	9,485,116	9,898,156
Infrastructure	43,366,475	44,182,506
Total	\$ 200,255,035	\$ 202,886,796

Additional information on the City's capital assets can be found in Note 2.

Long-term debt. At the end of the current fiscal year, the City had total bonds and notes outstanding of \$119,915,612. The debt is backed by the full faith and credit of the City.

City of West Haven, Connecticut Governmental Activities General Obligation Bonds/Notes

	June 30, 2016	June 30, 2015
General obligation bonds	\$ 91,495,000	\$ 102,270,000
Clean Water notes payable	28,420,612	30,653,196
Total long term debt	\$ 119,915,612	\$ 132,923,196

The City's total debt decreased by \$13,007,584 (9.8%) during the current fiscal year due to scheduled principal payments.

The City of West Haven has received a Baal rating from Moody's Investors Service and a rating of BBB/Stable from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the City is \$670,102,801, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 2.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City was 6.2%, which is a decrease from last year's rate of 8.3%. This is comparable to the state's average unemployment rate of 5.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of West Haven, 355 Main Street, West Haven, Connecticut 06516.

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Basic Financial Statements

Statement of Net Position (Deficit)
June 30, 2016

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,815,909
Receivables, net:	
Property taxes	3,644,103
Sewer use	3,807,142
Intergovernmental	1,054,729
Loan	1,965,797
Other	2,015,815
Prepaid	302,183
Capital assets:	
Capital assets, nondepreciable	30,590,926
Capital assets, net of accumulated depreciation	169,664,109
Total assets	\$ 222,860,713
Deferred Outflows of Resources	
Deferred charge on refunding	1,657,162
Pension amounts	14,399,080
Total deferred outflows of resources	16,056,242
Liabilities	
Accounts payable	\$ 18,998,751
Accrued payroll and related liabilities	4,593,821
Accrued interest payable	1,984,967
Unearned revenue	89,080
Other	224,604
Long-term liabilities:	
Due within one year	22,305,737
Due in more than one year	230,093,180
Total current liabilities	278,290,140
Deferred Inflows of Resources	
Advance collections	7,344,173
Pension amounts	1,594,982
Total deferred inflows of resources	8,939,155
Net Position (Deficit)	
Net investment in capital assets	110,165,292
Restricted for:	
Health and Welfare	1,450,430
Unrestricted (deficit)	(159,928,062)
Total net position (deficit)	\$ (48,312,340)

See notes to financial statements.

City of West Haven, Connecticut

Exhibit B

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position (Deficit)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 7,774,273	\$ 830,937	\$ 50,114	\$ -	\$ (6,893,222)
Public Safety	32,061,576	2,500,890	569,935	-	(28,990,751)
Public Works	23,875,064	13,468,371	266,902	6,670,007	(3,469,784)
Health and Welfare	2,549,216	335,370	691,571	-	(1,522,275)
Parks and Recreation	2,186,667	904,347	147,515	-	(1,134,805)
Education	122,678,656	766,938	67,886,201	-	(54,025,517)
Library	1,778,657	-	-	-	(1,778,657)
Interest expense	4,719,812	-	-	-	(4,719,812)
Total governmental activities	\$ 197,623,921	\$ 18,806,853	\$ 69,612,238	\$ 6,670,007	(102,534,823)
		General revenues:			
					95,079,278
					7,553,442
					6,718
					1,043,784
					103,683,222
					Change in net position (deficit)
					1,148,399
					Net position (deficit) - July 1, 2015
					(49,460,739)
					Net position (deficit) - June 30, 2016
					\$ (48,312,340)

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2016**

	General Fund	Allingtown Fire District Fund	Capital Improvement Fund	Sewer Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 9,353,200	\$ -	\$ -	\$ -	\$ 462,709	\$ 9,815,909
Receivables, net:						
Property taxes	3,271,822	372,281	-	-	-	3,644,103
Sewer use	-	-	-	3,807,142	-	3,807,142
Intergovernmental	-	-	-	-	1,054,729	1,054,729
Loan	-	-	-	-	1,965,797	1,965,797
Other	1,704,092	6,261	351	76,080	229,031	2,015,815
Due from other funds	3,710,426	-	905,145	-	1,789,444	6,405,015
Prepaid assets	152,351	-	-	149,832	-	302,183
Total assets	\$ 18,191,891	\$ 378,542	\$ 905,496	\$ 4,033,054	\$ 5,501,710	\$ 29,010,693
Liabilities						
Accounts payable	15,897,235	362,677	221,324	1,195,669	1,321,846	18,998,751
Accrued payroll	4,593,821	-	-	-	-	4,593,821
Due to other funds	4,727,541	-	571,233	-	1,106,241	6,405,015
Unearned revenue	30,500	-	684	57,896	-	89,080
Other	160,274	64,330	-	-	-	224,604
Total liabilities	25,409,371	427,007	793,241	1,253,565	2,428,087	30,311,271
Deferred Inflows of Resources						
Unavailable revenue - property taxes	3,037,256	369,341	-	-	-	3,406,597
Advance property tax collections	6,468,764	270,379	-	-	-	6,739,143
Advance collections	-	-	-	605,030	-	605,030
Unavailable revenue-loans	-	-	-	-	1,965,797	1,965,797
Unavailable revenue-charges for services	12,564	-	-	3,731,175	36,645	3,780,384
Total deferred inflows of resources	9,518,584	639,720	-	4,336,205	2,002,442	16,496,951
Fund Balances (Deficits)						
Nonspendable	152,351	-	-	149,832	-	302,183
Restricted	-	-	112,255	-	1,338,175	1,450,430
Unassigned (deficits)	(16,888,415)	(688,185)	-	(1,706,548)	(266,994)	(19,550,142)
Total fund balances (deficits)	(16,736,064)	(688,185)	112,255	(1,556,716)	1,071,181	(17,797,529)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 18,191,891	\$ 378,542	\$ 905,496	\$ 4,033,054	\$ 5,501,710	\$ 29,010,693

(Continued)

**Reconciliation of Fund Balance (Deficit) to Net Position (Deficit) of Governmental Activities
For the Year Ended June 30, 2016**

Amounts reported for governmental activities in the Statement of Net Position (Deficit) (Exhibit A) are different from the Governmental Fund Balance Sheet. The details of this difference are as follows:

Total fund balance (deficit) (Exhibit C, Page 1)	\$ (17,797,529)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	365,897,910
Less accumulated depreciation	<u>(165,642,875)</u>
Net capital assets	<u>200,255,035</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds:	
Property tax and interest and lien fees	3,406,597
Sewer use and other	3,780,384
Loans	<u>1,965,797</u>
	<u>9,152,778</u>
Changes in deferred inflows and outflows related to pension amounts, not reported in the funds:	12,804,098
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(119,915,612)
Capital leases - City	(150,412)
Capital leases - Allingtown Fire District	(301,595)
Deferred charge on refunding	1,657,162
Bond premium	(2,244,286)
Other legal claims	(392,000)
Heart and hypertension - Allingtown Fire District	(10,504)
Compensated absences - City	(8,327,363)
Risk management activities - City	(24,159,705)
Compensated absences - Allingtown Fire District	(541,075)
Net pension liability - City	(28,474,661)
Net pension liability - Allingtown	(22,548,458)
Net OPEB obligation - City	(40,244,416)
Net OPEB obligation - Allingtown Fire District	(5,088,830)
Accrued interest payable	<u>(1,984,967)</u>
Net position (deficit) of governmental activities	<u>\$ (48,312,340)</u>

See notes to financial statements.

(Concluded)

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2016**

	General Fund	Allingtown Fire District Fund	Capital Improvement Fund	Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 90,455,343	\$ 5,522,763	\$ -	\$ -	\$ -	\$ 95,978,106
Intergovernmental	74,083,784	393,574	6,438,135	240,211	12,052,613	93,208,317
Charges for services	3,589,044	115,698	25,441	11,209,686	3,067,459	18,007,328
Contributions	-	178,811	-	-	1	178,812
Income from investments	3,946	-	-	-	2,772	6,718
Other	628,784	-	-	-	-	628,784
Total revenues	168,760,901	6,210,846	6,463,576	11,449,897	15,122,845	208,008,065
Expenditures:						
Current:						
General government	5,573,256	-	-	-	73,818	5,647,074
Public Safety	14,648,759	6,388,946	-	-	1,279,791	22,317,496
Public Works	10,530,434	-	2,362,956	7,243,248	-	20,136,638
Benefits and Insurance	16,451,288	-	-	-	-	16,451,288
Health and Welfare	1,113,962	-	-	-	962,338	2,076,300
Library and other	1,596,000	-	-	-	-	1,596,000
Parks and Recreation	844,947	-	-	-	988,044	1,832,991
Education	106,292,923	-	-	-	11,814,472	118,107,395
Capital outlay	-	15,476	894,081	681,505	798,708	2,389,770
Debt service:						
Principal retirement	11,801,724	70,162	-	1,789,738	-	13,661,624
Interest expense and fiscal charges	4,016,186	10,781	-	-	-	4,026,967
Total expenditures	172,869,479	6,485,365	3,257,037	9,714,491	15,917,171	208,243,543
Revenues over (under) expenditures	(4,108,578)	(274,519)	3,206,539	1,735,406	(794,326)	(235,478)
Other financing sources (uses) :						
Proceeds from the sale of assets	415,000	-	-	-	-	415,000
Transfers in	1,727,948	1,358,437	-	-	2,969,007	6,055,392
Transfers out	(4,573,337)	-	-	(1,440,768)	(365,639)	(6,379,744)
Total other financing sources (uses)	(2,430,389)	1,358,437	-	(1,440,768)	2,603,368	90,648
Change in fund balances (deficits)	(6,538,967)	1,083,918	3,206,539	294,638	1,809,042	(144,830)
Fund Balances (Deficits), Beginning	(10,197,097)	(1,772,103)	(3,094,284)	(1,851,354)	(737,861)	(17,652,699)
Fund Balances (Deficits), Ending	\$ (16,736,064)	\$ (688,185)	\$ 112,255	\$ (1,556,716)	\$ 1,071,181	\$ (17,797,529)

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
(Deficits) of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2016**

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

Net change in fund balances (deficits) - total governmental funds (Exhibit D)	<u>\$ (144,830)</u>
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	3,396,685
Loss on disposal	(69,400)
Depreciation expense	<u>(5,959,046)</u>
Total	<u><u>(2,631,761)</u></u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property taxes, sewer use and community development block grant receivable including interest - accrual basis change	(177,296)
Other receivable	<u>(160,449)</u>
Total	<u><u>(337,745)</u></u>

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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
General obligation bonds	10,775,000
Clean water fund notes	2,232,584
Bond premium	448,857
Capital lease payable - City	157,095
Capital lease payable - Allingtown	<u>79,385</u>
Total	<u><u>13,692,921</u></u>

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
of Governmental Funds to Statement of Activities (Continued)
For the Year Ended June 30, 2016**

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 governmental funds:

Heart and hypertension - Allingtown	\$ 466
Compensated absences - City	3,075,592
Compensated absences - Allingtown Fire District	(13,173)
Net pension liability - City	(11,604,987)
Net pension liability - Allingtown	(2,219,193)
Net OPEB obligation - City	(5,294,239)
Net OPEB obligation - Allingtown	(790,020)
Pension expense	8,784,636
Pension credit	(728,816)
Risk management activities	83,690
Accrued interest payable	(430,283)
Deferred charges	(293,859)
Total	<u><u>(9,430,186)</u></u>

Change in net position (deficit) of governmental activities (Exhibit B) \$ 1,148,399

See notes to financial statements.

(Concluded)

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 4,175,322	\$ 72,636	\$ 251,416
Investments, at fair value:			
Mutual funds:			
Money market	1,158,378	-	-
Equity	47,037,097	-	-
Common stock	15,806,974	-	-
Corporate bonds	14,402,753	-	-
Exchange traded funds	9,300,826	-	-
U.S. government securities	2,041,408	-	-
Private equity limited partnerships	16,917,357	-	-
Annuities	3,701,543	-	-
Total investments	110,366,336	-	-
Interest and dividends receivable	169,689	-	-
Total assets	114,711,347	72,636	251,416
Liabilities			
Accounts payable	-	-	251,416
Total liabilities	-	-	251,416
Net Position			
Restricted for pension and other purposes	\$ 114,711,347	\$ 72,636	\$ -

See notes to financial statements.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2016

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 3,409,866	\$ -
Plan members	736,211	-
Total contributions	4,146,077	-
Investment income (loss):		
Change in fair value of investments	(3,810,994)	-
Interest and dividends	1,712,967	544
Total investment income (loss)	(2,098,027)	544
Less investment expenses	480,320	-
Net investment income (loss)	(2,578,347)	544
Transfers in	324,352	-
Total additions	1,892,082	544
Deductions:		
Benefits	8,425,321	-
Awards	-	600
Total deductions	8,425,321	600
Changes in net position	(6,533,239)	(56)
Net position - restricted for pension and other purposes:		
Beginning	121,244,586	72,692
Ending	\$ 114,711,347	\$ 72,636

See notes to financial statements.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: The City of West Haven, Connecticut (the City) operates under a Mayor-Council form of government established by a charter and adopted by a referendum of voters on June 27, 1961. The City offers a full range of services authorized by the charter, including public safety, public works, social services, parks and recreation, education, planning, zoning and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of July 1, 2012, the City Council voted to absorb the Allingtown Fire District into the reporting entity as a department of the City. Since the fire district has a separate tax rate and the City has two other fire districts with separate tax rates that are not part of the City, state statutes require that all costs related to the fire district be charged to the Allingtown Fire District fund and that City funds cannot be used to support the district's operations.

Basis of presentation: The financial statements of 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 of the City's accounting policies are described below.

The City adopted the following accounting standards in the current year:

GASB Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 3.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the City's financial statements.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 non-fiduciary 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 City has no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The various types of funds included in the financial statements are described below:

Governmental Funds: Governmental Funds are those through which most governmental functions typically are financed.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City's government. The General Fund is used to account for and report all financial resources and expenditures not accounted for and reported in another fund.

The **Allingtown Fire District Fund** is used to account for all the financial resources and expenditures of the Allingtown Fire District. The types of revenues recorded in this fund are taxes, grants, and charges for services. Fund did not meet major fund requirement.

The **Capital Project Fund** is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments. Fund did not meet major fund requirement. Management determined fund is to be reported as major for public interest purposes.

The **Sewer Fund** is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments. In addition, the fund accounts for the operating activity of the sewer operations.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds: Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt.

Capital Project Funds: Used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments

Fiduciary Funds

Private-Purpose Trust Funds: Private-purpose trust funds account for the receipt of private donations to be used for student awards.

Agency Funds: Agency Funds account for monies held as a custodian for outside student and senior groups. Agency Funds use the accrual basis of accounting, and have no measurement focus.

Pension Trust Funds: Pension Trust Funds consist of the City Employees', the Police and Fire, and other miscellaneous retirement funds.

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 fiduciary fund financial statements. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency fund financial statements are on the accrual basis with no measurement focus.

The governmental fund financial statements are recognized 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 (60 days). Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and expenditures related to compensated absences, pension liabilities and other post-employment obligations and claims and judgments, are recognized only when payment is due (matured).

Property taxes when levied for, intergovernmental revenues, when eligibility requirements have been met, charges for services, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. 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, primarily licenses and fees, are considered to be measurable only when cash is received.

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: The City considers cash and cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments are stated at fair value, based on quoted market prices, except as disclosed below. Most of the City's investments are recorded in the Pension Trust Fund.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager that represents the net asset value of these funds. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

In general, State of Connecticut Statutes allow the City to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the City are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Fair value: The City uses fair value measurements to record fair value adjustments to certain financial assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

Interfunds: 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 non-current portion of interfund loans).

Property taxes, other receivables and allowance for uncollectible amounts: In the financial statements, all accounts, property tax, sewer use and loan receivables are reported net of an allowance for uncollectibles. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay. The majority of this amount relates to taxes receivable.

In the governmental fund financial statements, property tax revenues are recognized when budgeted for and when they became available. Taxes collected within 60-days of year end are recognized as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Loan receivables consist of Community Development Block Grant loans. The City provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

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

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 column 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 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, 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 acquisition value at the date of donation.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Capital assets of the City are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

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

City	
Assets	Years
Land improvements	40
Buildings	50-75
Building improvements	40
Vehicles	5-25
Machinery and equipment	7-50
Infrastructure	25-100

Allingtown Fire District	
Assets	Years
Buildings	39
Building improvements	15-20
Fire truck and vehicles	5-10
Equipment	5-10

Compensated absences: City employees accumulate vacation and sick time for subsequent use or for payment of all or a portion of the earned but unused balance upon termination or retirement. A liability for these amounts has been recorded in the government wide financial statements. In governmental funds a liability is reported only when amounts become due, like as a result of employee retirement or termination. The General Fund is the primary source to liquidate compensated absences.

Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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 and debt principal payments, are reported as debt service expenditures.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. The net pension liability is reported in the statement of net position. Investments are reported at fair value. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. The City also reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs, and differences between actual and expected investment income.

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 advanced property tax collections and sewer use charges in this category in the government-wide statements. The City also 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.

The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available, in accordance with the modified accrual basis of accounting.

Net position flow assumption: Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted resources to have been depleted before unrestricted resources is applied.

In the government-wide financial statements, net position is classified into the following categories:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances (net of unspent bond proceeds) of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted net position: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position: This category represents the net position of the City which is not restricted and which is not reported in the other two categories. A deficit will require future funding.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable: This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed: This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through resolutions approved by the City Council.

Assigned: This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's fund balance policy, the City Council has by resolution authorized the Finance Director to assign fund balance.

Unassigned: This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other governmental fund that has a residual fund balance deficit. Deficits will require future funding.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed.

Other post-employment obligations (OPEB) accounting:

OPEB Trust: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. Plan members began contributing on July 1, 2007.

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation is recorded as a noncurrent liability in the government-wide financial statements.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Funding policy: The City contributes on a pay-as-you-go basis. The post-employment benefits are paid from the City's General Fund.

Accounting estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosures in the financial statements. Actual results could differ from those estimates.

Note 2. Detailed Notes

Cash, cash equivalents and investments:

Deposits - custodial credit risk: Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$8,133,503 of the City's bank balance of \$8,306,292 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,394,094
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>739,409</u>
Total amount subject to custodial credit risk	<u><u>\$ 8,133,503</u></u>

Interest rate risk: The City and the Pension Plans do 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. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt-type investments primarily held in pension trust funds to this risk using the time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (In Years)				
		N/A	Less Than 1	1 - 5	5 - 10	Over 10
Corporate bonds	\$ 14,402,753	\$ -	\$ 574,550	\$ 2,750,977	\$ 11,077,226	\$ -
U.S. government securities	2,041,408	-	-	-	2,041,408	-
Total	<u>\$ 16,444,161</u>	<u>\$ -</u>	<u>\$ 574,550</u>	<u>\$ 2,750,977</u>	<u>\$ 13,118,634</u>	<u>\$ -</u>

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The table below provides a summary of the City's investments primarily held in pension trust funds (excluding U.S. Governmental Guaranteed Obligations) as rated by a nationally recognized rating organization.

Concentrations of credit risk: The City and Pension Plans do not have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer. There are no issuers with greater than 5% of the portfolio.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

The Pension Plan's debt type investments subject to credit risk have average ratings by Moody's as follows:

Type of Investment	Corporate Bonds
AA+	\$ 379,245
AA-	1,371,171
A+	822,066
A	1,745,637
A-	1,856,173
BBB+	1,975,035
BBB	1,894,556
BBB-	1,231,574
BB+	611,359
BB	377,228
BB-	480,127
B+	1,142,136
B	348,818
B-	167,628
Total	<u>\$ 14,402,753</u>

Custodial credit risk: The Pension Plan does not have a formal policy with respect to custodial credit risk for investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation (SIPC up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

Investment securities are held by the counterparties' or trusts' name, therefore are subject to custodial credit risk.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

The following is a summary of cash and cash equivalents and investments:

Cash and cash equivalents	
Deposits with financial institutions	\$ 14,315,283
Total cash and cash equivalents	<u>14,315,283</u>
Investments:	
Pension Trust Funds:	
Mutual funds:	
Money market	1,158,378
Equity	47,037,097
Common stock	15,806,974 *
Corporate bonds	14,402,753 *
Exchange traded funds	9,300,826 *
U.S. government securities	2,041,408 *
Private equity limited partnerships	16,917,357
Annuities	3,701,543
Total pension trust funds	<u>110,366,336</u>
Total investments	<u>110,366,336</u>
Total cash, cash equivalents and investments	<u>\$ 124,681,619</u>
Statement of net position:	
Cash and cash equivalents	\$ 9,815,909
	<u>9,815,909</u>
Fiduciary funds:	
Cash and cash equivalents	4,499,374
Investments	110,366,336
	<u>114,865,710</u>
Total cash, cash equivalents and investments	<u>\$ 124,681,619</u>

* These investments are uninsured and registered, with securities held by the counterparty, in the City's or pension trust's name.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Money market mutual funds	\$ 1,158,378	\$ 1,158,378	\$ -	\$ -
Equity mutual funds	47,037,097	47,037,097	-	-
Common stock	15,806,974	15,806,974	-	-
Corporate bonds	14,402,753	-	14,402,753	-
Exchange traded funds	9,300,826	9,300,826	-	-
U.S. government securities	2,041,408	-	2,041,408	-
Annuities	3,701,543	-	-	3,701,543
Total investments by fair value level	<u>\$ 93,448,979</u>	<u>\$ 73,303,275</u>	<u>\$ 16,444,161</u>	<u>\$ 3,701,543</u>

Investments measured at the net asset level (NAV):

Private equity limited partnerships	<u>16,917,357</u>
Total investments measured at the NAV	<u>16,917,357</u>
Total investments measured at fair value	<u><u>\$ 110,366,336</u></u>

Private equity funds: This type includes limited partnership funds. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund capital. As of June 30, 2016, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Investments measured at the net asset value (NAV): Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The City values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is estimated from the most recently available valuation taking into account subsequent calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the City’s alternative investments measured at NAV:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Private equity limited partnerships	16,917,357	-	Quarterly	90 days
Total investments measured at the NAV	<u>\$ 16,917,357</u>			

Private Equity, Partnerships and Venture Capital Funds: These limited partnerships provide for the portfolio exposure to private companies through equity and/or debt investments. Fund managers invest in private companies with the goal of enhancing value over the long-term.

Receivables: Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the City’s governmental fund financial statements with allowances for uncollectible accounts as of June 30, 2016, including the applicable allowances for uncollectible accounts, are presented below:

	General	Allingtown Fire District Fund	Capital Improvement Fund	Sewer Fund	Other Governmental Funds	Total Governmental Funds
Property taxes and interest	\$ 5,271,822	\$ 622,281	\$ -	\$ -	\$ -	\$ 5,894,103
Sewer use	-	-	-	4,137,142	-	4,137,142
Intergovernmental	-	-	-	-	1,054,729	1,054,729
Loans	-	-	-	-	1,965,797	1,965,797
Other	1,704,092	6,261	351	76,080	379,445	2,166,229
Gross receivables	6,975,914	628,542	351	4,213,222	3,399,971	15,218,000
Allowance for doubtful accounts	(2,000,000)	(250,000)	-	(330,000)	(150,414)	(2,730,414)
Total receivables, net	<u>\$ 4,975,914</u>	<u>\$ 378,542</u>	<u>\$ 351</u>	<u>\$ 3,883,222</u>	<u>\$ 3,249,557</u>	<u>\$ 12,487,586</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Capital assets:

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 16,319,189	\$ -	\$ -	\$ 16,319,189
Construction in progress	12,704,567	2,410,554	880,287	14,234,834
Total capital assets, not being depreciated	29,023,756	2,410,554	880,287	30,554,023
Capital assets, being depreciated:				
Land improvements	15,864,833	104,615	-	15,969,448
Buildings and improvements	194,712,191	-	-	194,712,191
Vehicles	7,201,387	-	239,301	6,962,086
Machinery and equipment	27,825,342	480,344	1,949,088	26,356,598
Infrastructure	86,526,915	338,091	-	86,865,006
Total capital assets being depreciated	332,130,668	923,050	2,188,389	330,865,329
Less accumulated depreciation for:				
Land improvements	6,764,785	436,251	-	7,201,036
Buildings and improvements	86,362,177	3,330,463	-	89,692,640
Vehicles	5,594,945	120,427	232,701	5,482,671
Machinery and equipment	17,971,277	808,720	1,886,288	16,893,709
Infrastructure	42,473,455	1,142,703	-	43,616,158
Total accumulated depreciation	159,166,639	5,838,564	2,118,989	162,886,214
Total capital assets, being depreciated, net	172,964,029	(4,915,514)	69,400	167,979,115
Governmental activities capital assets, net	\$ 201,987,785	\$ (2,504,960)	\$ 949,687	\$ 198,533,138

Depreciation expense was charged to functions/programs of the City as follows:

General government	\$ 1,391,720
Public Safety	624,174
Public Works	1,641,888
Health and Welfare	283,132
Parks and Recreation	173,155
Board of Education	1,724,495
Total depreciation expense	<u>\$ 5,838,564</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 36,903	\$ -	\$ -	\$ 36,903
Capital assets, being depreciated:				
Buildings and improvements	702,454	-	-	702,454
Machinery and equipment	140,749	-	-	140,749
Fire trucks and vehicles	1,338,909	943,368	-	2,282,277
Infrastructure - hydrants	367,097	-	-	367,097
Fire equipment	953,258	-	4,180	949,078
Total capital assets being depreciated	3,502,467	943,368	4,180	4,441,655
Less accumulated depreciation for:				
Buildings and improvements	249,091	21,807	-	270,898
Machinery and equipment	120,257	2,265	-	122,522
Fire trucks and vehicles	1,103,301	65,392	-	1,168,693
Infrastructure - hydrants	238,051	11,419	-	249,470
Fire equipment	929,659	19,599	4,180	945,078
Total accumulated depreciation	2,640,359	120,482	4,180	2,756,661
Total capital assets, being depreciated, net	862,108	822,886	-	1,684,994
Governmental activities capital assets, net	\$ 899,011	\$ 822,886	\$ -	\$ 1,721,897

Depreciation expense was charged to the Public Safety function.

Interfund accounts:

Due to/from other funds: The composition of interfund balances as of June 30, 2016 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 3,710,426	\$ 4,727,541
Capital Improvement Fund	905,145	571,233
Nonmajor Funds	1,789,444	1,106,241
Total	\$ 6,405,015	\$ 6,405,015

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Interfund transfers: A summary of interfund transfers as of June 30, 2016 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,727,948	\$ 4,573,337
Allingtown Fire District Fund	1,358,437	-
Sewer Fund	-	1,440,768
Nonmajor Funds	2,969,007	365,639
Fiduciary Fund	324,352	-
Total	<u>\$ 6,379,744</u>	<u>\$ 6,379,744</u>

Transfers are used to move monies from the sewer fund to the general fund for the payment of debt service and the monies from other funds to the general fund for activity related to certain department activities. The transfer out of the general fund is for clean water fund debt payments and other capital expenditures.

The General Fund operating transfer out includes the following for previous advances that have been determined to be uncollectible:

	<u>Transfers Out</u>
Allingtown Fire District Fund	\$ 1,358,437
School Lunch Program	831,176
Career and Adult Education	995,283
Sport Facilities	342,247
Clean Water Fund	303,315
Train Site	18,695

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

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

	<u>Deferred Inflows</u>	<u>Unearned</u>
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 3,037,256	\$ -
Other	-	30,500
Miscellaneous receivable	12,564	-
Advance tax collections	6,468,764	-
Allingtown Fire District Fund:		
Fire district taxes	369,341	-
Advance tax collections	270,379	-
Capital Improvement Fund:		
Other	-	684
Sewer Fund:		
Sewer use fees	3,731,175	57,896
Nonmajor Governmental Funds:		
Loans receivable	1,965,797	-
Advance tax collections	605,030	-
Miscellaneous receivable	36,645	-
Total	<u>\$ 16,496,951</u>	<u>\$ 89,080</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Changes in long-term obligations:

Summary of changes: The following is a summary of changes in long-term obligations during the fiscal year.

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2015	Additions	Deductions	Balance Outstanding June 30, 2016	Current Portion
Bonds:									
Refunding bond	\$ 32,245,000	05/11/05	07/01/24	2.5-5.0%	\$ 2,480,000	\$ -	\$ 2,480,000	\$ -	\$ -
General obligation bond	11,716,000	03/31/10	02/15/25	5.05%	7,800,000	-	780,000	7,020,000	780,000
Refunding bond	7,420,000	04/01/10	08/01/15	3.27%	1,535,000	-	1,535,000	-	-
General obligation bond	3,685,000	05/31/12	08/01/26	3.0-5.0%	3,305,371	-	195,000	3,110,371	210,000
Refunding bond	47,410,000	05/31/12	08/01/26	3.0-5.0%	43,484,629	-	1,560,000	41,924,629	5,885,000
General obligation bond	9,100,000	09/03/14	09/01/34	3.0-5.0%	9,100,000	-	525,000	8,575,000	525,000
Total general purpose, school and sewer bonds	111,576,000				67,705,000	-	7,075,000	60,630,000	7,400,000
Pension obligation bond	38,715,000	09/03/14	03/15/22	0.985-4.164%	34,565,000	-	3,700,000	30,865,000	4,595,000
Total bonds	217,596,000				102,270,000	-	10,775,000	91,495,000	11,995,000
Clean Water Notes Payable:									
State of CT Series Note CWF167-D	293,596	10/31/1996	04/30/2016	2.00%	14,580	-	14,580	-	-
State of CT Series Note CWF167-C	4,858,956	10/30/1998	10/31/2017	2.00%	665,650	-	281,482	384,168	287,164
State of CT Series Note CWF347-C	1,618,947	05/31/2000	11/30/2019	2.00%	411,258	-	89,962	321,296	91,778
State of CT Series Note CWF444-C	1,603,000	03/31/2001	09/30/2020	2.00%	480,100	-	87,605	392,495	89,373
State of CT Series Note CWF348-C	4,407,222	11/30/2001	11/30/2020	2.00%	1,378,673	-	240,057	1,138,616	244,902
State of CT Series Note CWF346-C	801,945	12/31/2003	12/31/2022	2.00%	335,649	-	41,900	293,749	42,746
State of CT Series Note CWF348-C1	1,728,831	12/31/2003	12/31/2022	2.00%	729,391	-	90,328	639,063	92,151
State of CT Series Note CWF348-CD1	617,707	09/29/2006	11/30/2020	2.00%	260,173	-	45,381	214,792	46,297
State of CT Series Note CWF346-CD2	801,055	05/31/2007	12/31/2022	2.00%	385,534	-	51,405	334,129	51,405
State of CT Series Note CWF549-C	28,250,103	07/01/2013	07/01/2032	2.00%	24,566,644	-	1,218,759	23,347,885	1,243,359
State of CT Series Note CWF 549-CD2	1,425,544	06/30/2015	07/01/2032	2.00%	1,425,544	-	71,125	1,354,419	72,561
Total water notes	46,406,906				30,653,196	-	2,232,584	28,420,612	2,261,736
Total bonds/notes	<u>\$ 264,002,906</u>				132,923,196	-	13,007,584	119,915,612	14,256,736
Premium					2,693,143	-	448,857	2,244,286	-
Total bonds/notes and related liabilities					<u>135,616,339</u>	<u>-</u>	<u>13,456,441</u>	<u>122,159,898</u>	<u>14,256,736</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)				Balance	Current
					Balance July 1, 2015	Additions	Deductions	Outstanding June 30, 2016	Portion
Other legal claims					392,000	-	-	392,000	-
Compensated Absences					11,402,955	197,268	3,272,860	8,327,363	3,000,000
Capital Leases					307,507	-	157,095	150,412	150,412
Net pension liability					16,869,674	11,604,987	-	28,474,661	-
Other Post-Employment Benefit Obligation					34,950,177	5,294,239	-	40,244,416	-
Risk Management Activities					24,243,395	29,797,160	29,880,850	24,159,705	4,810,161
Total long-term obligations					<u>\$ 223,782,047</u>	<u>\$ 46,893,654</u>	<u>\$ 46,767,246</u>	<u>\$ 223,908,455</u>	<u>\$ 22,217,309</u>

The following is a summary of changes in Allingtown Fire District long-term obligations during the fiscal year.

	Balance			Balance	
	July 1, 2015	Additions	Deductions	June 30, 2016	Current Portion
Capital lease payable	\$ 380,980	\$ -	\$ 79,385	\$ 301,595	\$ 72,196
Heart and hypertension	10,970	-	466	10,504	-
Compensated absences	527,902	13,173	-	541,075	16,232
Net pension liability	20,329,265	2,219,193	-	22,548,458	-
Net other post-employment benefit obligation	4,298,810	790,020	-	5,088,830	-
Total long-term obligations	<u>\$ 25,547,927</u>	<u>\$ 3,022,386</u>	<u>\$ 79,851</u>	<u>\$ 28,490,462</u>	<u>\$ 88,428</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 2 Detailed Notes (Continued)

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Bond Principal	Bond Interest	Notes Principal	Notes Interest	Total Maturities
2017	11,995,000	3,632,906	2,261,736	547,231	18,436,873
2018	12,515,000	3,195,385	2,110,393	502,730	18,323,508
2019	12,710,000	2,749,933	2,052,993	461,694	17,974,620
2020	12,045,000	2,295,577	2,036,310	420,552	16,797,439
2021	11,100,000	1,826,514	1,777,635	381,479	15,085,628
2022	11,340,000	1,330,149	1,654,671	347,995	14,672,815
2023	3,400,000	868,526	1,584,910	315,031	6,168,467
2024	4,930,000	659,339	1,513,492	284,495	7,387,326
2025	4,980,000	410,761	1,544,041	253,946	7,188,748
2026	2,695,000	208,406	1,575,206	222,781	4,701,393
2027	725,000	128,013	1,607,001	190,986	2,651,000
2028	395,000	108,575	1,639,437	158,550	2,301,562
2029	395,000	95,491	1,672,528	125,459	2,288,478
2030	395,000	81,913	1,706,287	91,700	2,274,900
2031	380,000	67,400	1,740,727	57,260	2,245,387
2032	380,000	52,200	1,775,863	22,124	2,230,187
2033	380,000	37,000	167,382	236	584,618
2034	380,000	21,800	-	-	401,800
2035	355,000	7,100	-	-	362,100
	<u>\$ 91,495,000</u>	<u>\$ 17,776,988</u>	<u>\$ 28,420,612</u>	<u>\$ 4,384,249</u>	<u>\$ 142,076,849</u>

Claims and judgments: The City is a defendant in various liability claims and lawsuits relating to deaths and personal injuries, civil rights violations, contractual obligations and other matters, which are incidental to performing governmental functions. The City has determined that it is probable that it has a potential liability of approximately \$392,000 for such claims. The City's liabilities for claims and judgments were based on information available. It is reasonably possible that, as the cases evolve, the resulting estimates will be adjusted significantly in the near term.

Heart and hypertension: The City has certain police officers or their widows receiving benefits under the State's Heart and Hypertension statutes. Additionally, the City pays for medical costs for other officers under the same statutes. The statutes require that the City pay monthly amounts to the officer or surviving spouse for life. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Capital leases: At June 30, 2016, the City is committed under capital leases for vehicles at a cost of \$786,811 net of \$730,183 in accumulated depreciation. This year, \$245,919 was included in depreciation expense.

At June 30, 2016, the Allingtown Fire District is committed under capital leases for vehicles at a cost of \$399,152, net of \$114,689 in accumulated depreciation. This year, \$60,590 was included in depreciation expense.

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2016.

Year ending June 30:	City	Allingtown
2017	\$ 156,371	\$ 80,943
2018	-	80,943
2019	-	80,943
2020	-	80,943
Total	156,371	323,772
Less: amount representing interest	(5,959)	(22,177)
Present value of minimum lease payments	\$ 150,412	\$ 301,595

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

Category	Debt Limit	Net Indebtedness	Balance
General government	\$ 215,628,567	\$ 55,784,125	\$ 159,844,442
Schools	431,257,134	68,338,276	362,918,858
Sewer	359,380,945	3,978,654	355,402,291
Urban renewal	311,463,485	-	311,463,485
Pension deficit	287,504,756	30,865,000	256,639,756

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$670,102,801.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued.

Authorized/unissued bonds: The amount of authorized, unissued bonds is \$17,343,603 for school; \$5,809,102 for sewers; and \$22,031,910 for general purpose.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Fund balance classifications: As of June 30, 2016, fund balances are composed of the following:

Fund Balance Component	General Fund	Allingtown Fire District Fund	Capital Improvement Fund	Sewer Fund	Nonmajor Funds	Total
Nonspendable:						
Inventory/prepaid items	\$ 152,351	\$ -	\$ -	149,832	\$ -	\$ 302,183
Total nonspendable	152,351	-	-	149,832	-	302,183
Restricted:						
Historic documents	-	-	-	-	44,425	44,425
Community development block grant	-	-	-	-	188,284	188,284
Public safety	-	-	-	-	91,245	91,245
Health and welfare	-	-	-	-	37,539	37,539
Education	-	-	-	-	197,558	197,558
Total restricted	-	-	-	-	559,051	559,051
Unassigned (deficit)	(16,888,415)	(688,185)	-	(1,706,548)	(266,994)	(19,550,142)
Total	\$ (16,736,064)	\$ (688,185)	\$ -	\$ (1,556,716)	\$ 292,057	\$ (18,688,908)

Deficit equity: At June 30, 2016, the City had deficit equity balances in the following funds:

State Statute Section 7-390 requires that municipalities absorb any General Fund deficit which exists at the beginning of the fiscal year in which the budget is being prepared.

General Fund \$ 16,736,064

The City will address the General Fund fund deficit by issuing deficit funding bonds. The deficit funding bonds will be issued in accordance with Public Act 93-421 and State Statute Chapter 7-568 and 7-572, which require the following:

- Written assurances that the City will enter into an indenture with a trustee to establish a property tax intercept procedure and a debt service payment fund;
- Written assurances that the tax intercept procedure will assure the property tax receipts transferred to the trustee and deposited in the debt service payment fund, shall be in an amount equal to and deposited by such dates so as to satisfy all amounts due on any debt issued pursuant to the indenture;
- The amount of the deficit obligations shall be based on the amount of the unassigned fund balance in the City's most recent audited financial statements.

Allingtown Fire District Fund \$ 688,185

This fund deficit will be eliminated by future tax increases and budget savings.

Sewer Fund \$ 1,556,716

This fund deficit will be eliminated by future tax increases and budget savings.

Miscellaneous grants \$ 103,633
 Sports facilities 32,895
 Brownfields 130,466

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Risk management: The City is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the City obtains commercial insurance for these risks, but has chosen to retain limited risks for worker's compensation claims, general liability claims and employee medical and prescriptions claims. The City contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the City's liability for worker's compensation, general liability, heart and hypertension and medical claims.

The City purchases commercial insurance coverage for all City buildings (flood, fire and casualty), errors and omissions, general liability umbrella policy with a retention limit of \$250,000 per incident, law enforcement liability insurance policy with a deductible of \$100,000 and per claim limit of \$1,000,000, and workers' compensation excess policy with a retention limit of \$500,000 per incident and employee group medical claims in excess of \$250,000.

The City records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated in the government-wide statements.

The claims liability reported is based upon the provisions of GASB Statements No, 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded, The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries, the claim accrual does not include other allocated or unallocated claims adjustment expenses. In the prior years, the City used internal services funds to report the activity related to the various self-insurance programs below. See Note 2, Changes in long-term obligations.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

The following is a summary of risk management activities:

	Medical Insurance			
	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
City & Allingtown				
2014-2015	1,341,013	22,987,298	22,800,966	\$ 1,527,345
2015-2016	1,527,345	27,457,362	26,893,442	2,091,265
	General Liability			
	Liability July 1,	Current Year Claim and Changes In Estimates	Claim Payments	Liability June 30,
2014-2015	1,527,785	741,616	1,597,401	\$ 672,000
2015-2016	672,000	313,124	614,685	370,439
	Workers' Compensation			
	Liability July 1,	Current Year Claim and Changes In Estimates	Claim Payments	Liability June 30,
2014-2015	8,609,271	2,561,882	3,699,718	7,471,435
2015-2016	7,471,435	2,601,929	2,151,686	7,921,678
	Heart and Hypertension			
	Liability July 1,	Current Year Claim and Changes In Estimates	Claim Payments	Liability June 30,
2014-2015	6,387,643	8,413,419	228,447	14,572,615
2015-2016	14,572,615	(575,255)	221,037	13,776,323
	Total Risk Management Activities			
	Liability July 1,	Current Year Claim and Changes In Estimates	Claim Payments	Liability June 30,
2014-2015	17,865,712	34,704,215	28,326,532	24,243,395
2015-2016	24,243,395	29,797,160	29,880,850	24,159,705

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information

Contingencies: Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Pension Plans:

Summary: The City administers two single-employer, contributory, defined benefit pension plans (City of West Haven Police and Allingtown Fire District). The City benefits and contribution requirements are established by plan documents adopted July 1, 2010, by approval of the City Council. Allingtown Fire District benefits and contribution requirements are established by plan documents adopted July 1, 1998, by approval of the Board of Fire Commissioners. Both plans are considered to be part of the City's reporting entity and are included in the financial report as two pension trust funds. The plans do not issue separate standalone financial reports. Both plans are closed to new participants.

Summary of significant accounting policies and plan asset matters:

Basis of accounting: The Police Pension and Allingtown Fire District Pension trust funds' financial statements are accounted for using the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits, administration, and refunds) are recognized when they are due and payable in accordance with the terms of the plan.

Investment policy: The Plan trustees have developed and approved an investment policy which specifies investment target allocations. The state does not specifically dictate what pension plans can invest in, other than that they must abide by the prudent person rule.

Valuation of investments: Investments are stated at fair value, based on quoted market prices, except as disclosed below.

The Police Pension and Allingtown Fire District Pension trust funds allow for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager and is based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

Classes of employees covered: As of January 1, 2014 for the Police, and July 1, 2015 for Allingtown, the date of the last actuarial valuation, the memberships in the Plans are comprised of the following:

	Police	Allingtown Fire District
Retirees and beneficiaries currently receiving benefits	142	29
Active plan members	100	20
Total	<u>242</u>	<u>49</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Benefit provisions:

Police: Police officers hired prior to November 1, 2009 are eligible for a normal pension after attaining age 65 or 20 years of service in the department, whichever is earlier. The retirement benefit will be equal to 2.25% of their basic annual salary at retirement for each year of service up through 20 years of service plus an additional 3% of their salary for each year in excess of 20 years up to a maximum of 75% of such annual salary. Vesting of benefits occurs when a participant has accumulated a minimum of 10 years of active service. The Plan provides for disability and death benefits in addition to retirement benefits.

Allingtown Fire District: Each employee may enter the plan on their date of employment. Benefit provisions provide for vesting after fifteen years of service and collectible after twenty years from initial date of appointment. The plan provides retirement benefits for substantially all full time employees of the District.

Under a plan dated July 1, 1998 and ratified by the Board of Fire Commissioners on May 7, 2000, the benefit provisions were separated into three groups based upon hire date.

Effective July 1, 2013, the plan closed to new entrants.

Employer contributions:

Police: The Police's contribution is actuarially determined by using the projected unit credit cost method. The Police contribution was \$571,774. In 2016, the City contributed approximately \$1,850,000 to the plan. Administrative costs are generally financed through investment earnings.

Allingtown Fire District: The District's contribution is actuarially determined by using the entry age normal method. The Fire Fighters' contribution was \$164,437. In 2016, the City contributed approximately \$1,559,866 to the plan. Administrative costs are generally financed through investment earnings.

Employee contributions:

Police: Police officers were required to contribute 9% of their earnings for the current year.

The contribution rate was increased from 8.5% in 2014 and will ultimately be 9.5% effective July 1, 2016.

Allingtown Fire District: Employees are required to contribute 9.5% of their earnings for the current fiscal year if hired before July 1, 1998 and 11.5% if hired after June 30, 1998.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Actuarial assumptions: The data presented in the schedule of contributions was determined as part of the actuarial valuation at the date indicated. Additional information for the plan as of the latest valuation date is as follows:

	<u>Police</u>	<u>Allingtown Fire District</u>
Valuation date	January 1, 2014	July 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal Method
Amortization method	Level Percent Closed	Level Percent Closed, 30 Years
Remaining amortization period	5 years	20 years
Asset valuation method	Fair Value	Fair Value
Actuarial Assumptions		
Investment rate of return	7.375%	6.75%
Projected salary increases		
Merit	3.50%	3.50%
Inflation	2.75%	2.75%
Cost-of-living adjustments	3.00% for members hired before 6/30/93	1.75% for retirements on or before 11/27/13
	1.75% for members hired after 6/30/93	2.75% for retirements after 11/27/13

* In 2002, the City issued pension obligation bonds (POBs) to fund the City's Police pension liabilities. State statutes related to the pension obligation bonds require that the Plan maintain the funded level that it had immediately following the issuance of the bonds (100% for the West Haven Police Pension Plan). The Plan's funded level is the ratio of the Plan's assets to the Plan's liability. If benefit improvements, actuarial losses or investment losses cause the funded level to drop below 100%, the State requires that the City take action in order to restore the funded level back to 100% over a short period of time. This has been interpreted for actuarial valuation purposes to be a 5 year period. Therefore, since the Plan's funded ratio is currently below 100%, the shortfall will be amortized over a 5 year period. The shortfall is primarily due to the large investment losses suffered by the plan during fiscal year 2009.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Plan statements:

Statement of Fiduciary Net Position
June 30, 2016

	Pension Trust Funds		
	Police Pension	Allingtown Fire District	Total
Assets:			
Cash and cash equivalents	\$ 4,165,815	\$ 9,507	\$ 4,175,322
Investments, at fair value:			
Mutual funds:			
Money market	-	1,158,378	1,158,378
Equity	46,797,397	239,700	47,037,097
Common stock	15,806,974	-	15,806,974
Corporate bonds	14,402,753	-	14,402,753
Exchange traded funds	9,026,000	274,826	9,300,826
U.S. government securities	2,041,408	-	2,041,408
Private equity limited partnerships	16,566,099	351,258	16,917,357
Annuities	-	3,701,543	3,701,543
Total investments	104,640,631	5,725,705	110,366,336
Interest and dividends receivable	169,689	-	169,689
Total assets	108,976,135	5,735,212	114,711,347
Net position:			
Net position restricted for pension benefits	\$ 108,976,135	\$ 5,735,212	\$ 114,711,347

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

	Pension Trust Funds		
	Police Pension	Allingtown Fire District	Total
Additions:			
Contributions:			
Employer	\$ 1,850,000	\$ 1,559,866	\$ 3,409,866
Plan members	571,774	164,437	736,211
Total contributions	2,421,774	1,724,303	4,146,077
Investment income (loss):			
Change in fair value of investments	(3,682,063)	(128,931)	(3,810,994)
Interest and dividends	1,528,964	184,003	1,712,967
Total investment income (loss)	(2,153,099)	55,072	(2,098,027)
Less investment expenses	451,425	28,895	480,320
Net investment income (loss)	(2,604,524)	26,177	(2,578,347)
Transfers in	324,352		324,352
Total additions	141,602	1,750,480	1,892,082
Deductions:			
Benefits	7,064,026	1,361,295	8,425,321
Administration	-	-	-
Total deductions	7,064,026	1,361,295	8,425,321
Change in net position	(6,922,424)	389,185	(6,533,239)
Net position:			
Beginning	115,898,559	5,346,027	121,244,586
Ending	\$ 108,976,135	\$ 5,735,212	\$ 114,711,347

Police Pension Plan

Plan administration: The City's pension plan is separately administered by its own respective pension board. The Mayor, Finance Director and a City Council member serve as permanent members on all pension boards. The non-permanent Pension Board members are appointed by the Mayor and must be an active employee of their respective pension plan. The pension boards typical meet monthly or as needed to review retirement/disability requests and/or investment recommendations. The "joint pension board" which comprises of members from all pension boards meets at least quarterly with the City's Investment Advisor to review and modify investments accordingly. Changes in investments are not effective until voted favorably by each of the pension boards.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Concentrations: The City does not have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

There are no investments in the Police Pension Plan that represent more than 5% of the plan's net position as of June 30, 2016.

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

Net Pension Liability - Police Pension Plan	2016	2015
Total pension liability	\$ 137,450,796	\$ 133,092,587
Plan fiduciary net position	108,976,135	116,222,913
Net pension liability	<u>\$ 28,474,661</u>	<u>\$ 16,869,674</u>
Plan fiduciary net position as a percentage of total pension liability	79.28%	87.32%
Covered payroll	\$ 7,160,460	\$ 7,160,460
Net pension liability as a percentage of covered payroll	397.67%	235.59%

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 expenses, was (1.87%). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2014, using actuarial assumptions disclosed above, rolled forward to the measurement date of June 30, 2016:

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus a closed amortization of the plan's unfunded liability over 5 years from January 1, 2014, as a level percentage of pay.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 30, 2015. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	3.70%	0.82%	0.80%
Core Fixed Income	13.65%	2.69%	2.55%
Short Bonds	1.60%	1.81%	1.75%
High Yield Bonds	3.10%	4.55%	4.01%
Large Caps	3.25%	5.11%	3.86%
Equity Market	37.70%	5.40%	4.06%
Global Equity	9.80%	5.66%	4.25%
Foreign Developed Equity	4.90%	6.04%	4.35%
Emerging Markets Equity	0.10%	8.19%	4.84%
Hedge FOF Diversified	22.20%	2.17%	1.86%
	100.00%		
Assumed Inflation - Mean		2.75%	2.75%
Assumed Inflation - Standard Deviation		2.00%	2.00%
Portfolio Mean Return		4.11%	3.51%
Portfolio Standard Deviation			10.80%
Long-Term Expected Rate of Return			7.375%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 7.375%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of West Haven contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members (retired and active employees who qualify under the Plan) and their beneficiaries are included.

Based on the plan's current contribution policy, the plan's net fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, the 7.375% interest rate assumption was used to discount plan liabilities.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of West Haven Police Pension Plan, calculated using the discount rate of 7.375% as well as what the City of West Haven Police Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

Police Pension Plan	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
Net pension liability	\$ 46,089,219	\$ 28,474,661	\$ 13,933,187
Changes in the Net Pension Liability			
	Police Pension		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ 133,092,587	\$ 116,222,913	\$ 16,869,674
Changes for the year:			
Service cost	1,734,676	-	1,734,676
Interest	9,687,559	-	9,687,559
Effect of economic/demographic gains or losses	-	-	-
Contributions - employer	-	1,850,000	(1,850,000)
Contributions - members	-	571,774	(571,774)
Net investment income	-	(2,589,880)	2,589,880
Benefit payments, including refunds of employee contributions	(7,064,026)	(7,064,026)	-
Administrative expense	-	(14,646)	14,646
Net changes	4,358,209	(7,246,778)	11,604,987
Balances at 6/30/16	<u>\$ 137,450,796</u>	<u>\$ 108,976,135</u>	<u>\$ 28,474,661</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$5,727,508. As of June 30, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions in the statement of net position from the following sources:

Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (625,564)
Net difference between projected and actual earnings on pension plan investments	12,715,851	-
Total	<u>\$ 12,715,851</u>	<u>\$ (625,564)</u>

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

Year ended June 30:	Police Pension Plan
2017	\$ 3,265,172
2018	3,265,172
2019	3,361,412
2020	2,198,531

Allingtown Pension Plan:

Concentrations: The City does not have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

There are no investments in the Police Pension Plan that represent more than 5% of the plan's net position as of June 30, 2016.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

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

Net Pension Liability - Allingtown Pension Plan	2016	2015
Total pension liability	\$ 28,283,670	\$ 25,659,225
Plan fiduciary net position	5,735,212	5,329,960
Net pension liability	<u>\$ 22,548,458</u>	<u>\$ 20,329,265</u>
Plan fiduciary net position as a percentage of total pension liability	20.28%	20.77%
Covered payroll	\$ 1,678,136	\$ 1,678,136
Net pension liability as a percentage of covered payroll	1343.66%	1211.42%

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 expenses, was 1.29%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the actuarial assumptions above, rolled forward to the measurement date of June 30, 2016:

The District's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus a closed amortization of the plan's unfunded liability over 30 years from July 1, 2015, as a level percentage of pay.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2015. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	20.36%	0.82%	0.80%
Large Credit Bonds	64.54%	4.37%	3.87%
Large Caps	8.97%	5.11%	3.86%
Real estate (REITS)	6.13%	5.22%	3.33%
	100.00%		
Assumed inflation - mean		2.75%	2.75%
Assumed inflation - standard deviation		1.89%	1.89%
Portfolio real mean return		3.81%	3.49%
Portfolio nominal mean return		6.58%	6.32%
Portfolio standard deviation			0.85%
Long-term expected rate of return			6.75%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 6.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the District contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members (retired and active employees who qualify under the Plan) and their beneficiaries are included.

Based on the plan's current contribution policy, the plan's net fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, the 6.75% interest rate assumption was used to discount plan liabilities.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City of West Haven Allingtown Pension Plan, calculated using the discount rate of 6.75% as well as what the City of West Haven Allingtown Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Allingtown Pension Plan	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability	\$ 26,298,253	\$ 22,548,458	\$ 19,462,489

Changes in the Net Pension Liability

	Allingtown Pension		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/15	\$ 25,659,225	\$ 5,329,960	\$ 20,329,265
Changes for the year:			
Service cost	491,354	-	491,354
Interest	1,832,169	-	1,832,169
Effect of plan changes	1,419,497	-	1,419,497
Effect of economic/demographic gains or losses	(1,272,361)	-	(1,272,361)
Effect of assumptions changes or inputs	1,515,081	-	1,515,081
Contributions - employer	-	1,559,866	(1,559,866)
Contributions - members	-	164,437	(164,437)
Net investment income	-	71,139	(71,139)
Benefit payments, including refunds of employee contributions	(1,361,295)	(1,361,295)	-
Administrative expense	-	(28,895)	28,895
Net changes	2,624,445	405,252	2,219,193
Balances at 6/30/16	<u>\$ 28,283,670</u>	<u>\$ 5,735,212</u>	<u>\$ 22,548,458</u>

For the year ended June 30, 2016, the City recognized pension expense of \$3,450,718. As of June 30, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions in the statement of net position from the following sources:

Allingtown Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (969,418)
Changes of assumptions	1,154,347	-
Net difference between projected and actual earnings on pension plan investments	528,882	-
Total	<u>\$ 1,683,229</u>	<u>\$ (969,418)</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Year ended June 30:	Allingtown Pension Plan
2017	\$ 214,104
2018	214,104
2019	214,102
2020	71,501

Defined contribution retirement savings plan: City employees are eligible to participate in a defined contribution retirement savings plan administered by the City. The benefits and contribution requirements are established by approval of the City Council. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employer contributions are based on union contracts. Employees may make additional contributions subject to IRS regulations. The Plan is not reported as a fiduciary fund by the City as it does not meet the reporting criterion.

The Plan requires the City to contribute an amount equal to 5% of the employee's annual salary. The City contributions for each employee (and interest allocated to the employee's account) are vested as follows:

Years of Credited Service	Vesting Percentage
Under 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Voluntary contributions of up to 25% of compensation for all participating years of service may be made by employees. These contributions may be withdrawn at any time, although earned interest will not be paid until such time as benefits are otherwise payable to the employee.

Upon termination of employment, for any reason other than death or retirement, an employee shall be entitled to a deferred vested benefit based upon the number of years of credit service completed. Payment of benefits is deferred until the later of the employee's normal retirement date, the seventh anniversary of the Plan year in which participation commenced or the date of termination. The unvested accrued benefit of the employee is forfeited and allocated to each participant.

During the year, the employer contributions were \$1,483,555 and employee contributions totaled \$2,016,474

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Connecticut State Teachers' Retirement System:

All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. These employees are eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are serviced in the public schools of Connecticut.

Description of system: Eligible employees within the City's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the City does not have a liability.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$9,313,000 as payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for teacher pensions.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Employees are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$2,763,782 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the City is \$38,121,000.

Employers are not required to make contributions to the Plan.

Actuarial assumptions: 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. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 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 long-term expected rate of return on pension 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 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 asset class are summarized in the following table:

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Discount rate: The discount rate used to measure the total pension liability was 8.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State’s proportionate share of the net pension liability (NPL) associated with the City, calculated using the discount rate of 8.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.5%) or 1-percentage-point higher (9.5%) than the current rate. The City has no accrued any of the liability as the responsibility for the liability is with the State.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's portion of the NPL associated with the City	\$ 143,419,187	\$ 113,727,170	\$ 88,488,739

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the State net pension liability that was associated with the City was \$113,727,170 and 100% of the collective net pension liability is allocated to the State. The City has no proportionate share of the liability.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based.

The City recognized the total pension expense associated with the City as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the City. For the fiscal year ended June 30, 2016, the City recognized \$9,313,000 as the amount expended by the State on behalf of the City to meet the State’s funding requirements in the Statement of Activities.

Other information: Additional information is included in the required supplementary section of the financial statements.

Other Post-Employment Benefit Plans:

Plan description: The City currently provides to certain former employees Other Post-Employment Benefit (OPEB). The plan provides medical, dental and life insurance benefits for eligible retirees and their spouses. The plan is currently being funded on a pay as you go basis. The plan does not issue a standalone financial report.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

The Allingtown Fire District currently provides to certain former employees Other Post-Employment Benefit (OPEB). The plan provides health and life insurance benefits for eligible retirees and their spouses. The plan is currently being funded on a pay as you go basis. The plan does not issue a standalone financial report.

Classes of employees covered: As of July 1, 2013, the date of the last actuarial valuation for the City, Board of Education and for the Allingtown Fire District, the plans' membership consisted of:

	City	Board of Education	Allingtown Fire District
Retirees and beneficiaries currently receiving benefits	331	362	58
Active plan members	364	720	22
Total	695	1,082	80

Benefit provisions:

Benefit provisions: The City plans to provide for medical, dental and life insurance benefits for all eligible City and Board of Education retirees and their spouses. Benefits are established by contract and may be amended by union negotiations.

The Allingtown Fire District's plan provides for health and life insurance benefits for all eligible District retirees and their spouses. Benefits are established by contract and may be amended by union negotiations.

Employer contributions: The City's recommended contributions are actuarially determined on an annual basis using the projected unit credit method. Contributions are established by contract and may be amended by union negotiations. The City and Board of Education's total plan contribution was \$8,392,644.

The Allingtown Fire District's recommended contributions are actuarially determined on an annual basis using the projected unit credit method. Contributions are established and may be amended by the District. The District's plan contribution was \$691,753.

Employee contributions: There are no employee contributions to the plan. Retiree contributions to the Board of Education plan totaled \$0 based upon terms in union contracts.

Teachers who no longer work for the Board of Education are allowed by State statute to participate in the City's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the District.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Funded status and funding progress: The funded status of the plan as of July 1, 2013 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Over (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll (C)	AAL as a Percentage of Covered Payroll [(A-B)/C]
<u>City</u>						
July 1, 2013	\$ -	\$ 188,688,760	\$ (188,688,760)	0%	\$ 79,517,322	-237.3%
<u>Allingtown Fire District</u>						
July 1, 2013	\$ -	\$ 19,201,569	\$ (19,201,569)	0%	\$ 1,678,136	-1144.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedules of funding progress (RSI-1), immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plan as of the latest valuation date is as follows:

	<u>City</u>	<u>Allingtown Fire District</u>
Valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	30 Year, Open	25 Year, Open
Remaining amortization period	24 years	22 years

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

	City	Allingtown Fire District
Actuarial assumptions:		
Investment rate of return	4.0%	4.0%
Projected salary increases		
Merit	9.0%	6.5%
Inflation	3.0%	4.7%
Cost-of-living adjustments	N/A	N/A
Health care cost trend rates:		
Initial	8.5%	4.32%
Ultimate	5.0%	0.88%

Annual OPEB cost and net OPEB obligation (NOO): The changes in the NOO were as follows:

	City	Allingtown Fire District
Annual required contribution (ARC)	\$ 13,677,829	\$ 1,533,359
Interest on net OPEB obligation	1,398,007	171,952
Adjustment to annual required contribution	(1,388,953)	(223,538)
Annual OPEB cost (AOC)	13,686,883	1,481,773
Contributions made	(8,392,644)	(691,753)
Change in net OPEB obligation	5,294,239	790,020
Net OPEB obligation - July 1, 2015	34,950,177	4,298,810
Net OPEB obligation - June 30, 2016	\$ 40,244,416	\$ 5,088,830

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Three-year trend information: The changes in the NOO were as follows:

Year Ending June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation	Total Contributions
City				
2014	\$ 12,840,079	59.9%	\$ 29,391,508	\$ 7,693,470
2015	12,976,747	57.2%	34,950,177	7,418,078
2016	13,686,883	61.3%	40,244,416	8,392,644
Allingtown Fire District				
2014	\$ 1,321,933	44.3%	\$ 3,537,895	\$ 585,466
2015	1,400,344	45.7%	4,298,810	639,429
2016	1,481,773	46.7%	5,088,830	691,753

Note 4. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Note 4. Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 4. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.
- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

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**Required Supplementary
Information - Unaudited**

**Required Supplementary Information - Unaudited
Schedules of Employer Contributions
Last Ten Fiscal Years**

Schedule of Employer Contributions - Police

Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a percentage of covered payroll
2007	1,111,822	1,111,822	\$ -	\$ 7,373,220	15.08%
2008	1,111,822	1,111,822	-	7,373,220	15.08%
2009	1,157,342	611,822	545,520	7,812,621	7.83%
2010	1,157,342	1,157,342	-	7,812,621	14.81%
2011	3,950,896	1,050,000	2,900,896	7,074,123	14.84%
2012	3,141,846	979,292	2,162,554	7,008,211	13.97%
2013	3,141,846	1,285,750	1,856,096	7,008,211	18.35%
2014	3,312,178	1,157,000	2,155,178	7,191,938	16.09%
2015	2,342,798	1,274,950	1,067,848	7,160,460	17.81%
2016	1,848,528	1,850,000	(1,472)	7,160,460	25.84%

Schedule of Employer Contributions - Allingtown Fire District

Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a percentage of covered payroll
2007	1,201,077	1,222,182	(21,105)	1,238,339	98.70%
2008	1,249,120	1,360,156	(111,036)	1,238,339	109.84%
2009	1,178,166	875,780	302,386	1,341,760	65.27%
2010	1,225,293	1,343,174	(117,881)	1,341,760	100.11%
2011	1,274,304	1,430,341	(156,037)	1,341,760	106.60%
2012	1,404,794	1,492,075	(87,281)	1,645,791	90.66%
2013	1,460,986	1,516,586	(55,600)	1,645,791	92.15%
2014	1,519,425	1,495,339	24,086	1,645,791	90.86%
2015	1,536,083	1,571,325	(35,242)	1,678,136	93.64%
2016	1,597,526	1,559,866	37,660	1,678,136	92.95%

Notes to schedule:

	Police	Allingtown Fire District
Valuation date	01/01/2014	07/01/2015
Actuarial cost method	Projected unit credit	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	5 years	18 years
Asset valuation method	Fair Value	Fair Value
Inflation	2.75%	2.75%
Salary increases	3.50%	3.50%
Investment rate of return	7.375%	6.75%

Required Supplementary Information - Unaudited
Schedule of Changes in Net Pension Liability and Related Ratios (in 1,000s)
Last Three Fiscal Years

Changes in Net Pension Liability - Police Pension Plan	2016	2015	2014
Total pension liability:			
Service cost	\$ 1,735	\$ 1,616	\$ 1,627
Interest on total pension liability	9,687	9,378	9,147
Effect of economic/demographic gains or losses	-	(1,107)	-
Benefit payments	(7,064)	(6,759)	(6,311)
Net change in total pension liability	4,358	3,128	4,463
Total pension liability, beginning	133,092	129,964	125,501
Total pension liability, ending (a)	137,450	133,092	129,964
Fiduciary net position:			
Employer contributions	1,850	1,275	1,157
Member contributions	572	590	583
Investment income net of investment expenses	(2,590)	2,068	14,029
Benefit payments	(7,064)	(6,759)	(6,311)
Administrative expenses	(15)	(27)	(25)
Net change in plan fiduciary net position	(7,247)	(2,853)	9,433
Fiduciary net position, beginning	116,222	119,075	109,642
Fiduciary net position, ending (b)	108,975	116,222	119,075
Net pension liability, ending = (a) - (b)	\$ 28,475	\$ 16,870	\$ 10,889
Fiduciary net position as a % of total pension liability	79.28%	87.32%	91.62%
Covered payroll	\$ 7,160	\$ 7,160	\$ 7,192
Net pension liability as a % of covered payroll	397.70%	235.61%	151.40%

Required Supplementary Information - Unaudited
Schedule of Investment Returns
June 30, 2016

	2016	2015	2015
Annual money-weighted rate of return, net of investment expense	-1.87%	1.43%	13.13%

Required Supplementary Information - Unaudited
Schedule of Changes in Net Pension Liability and Related Ratios (in 1,000s)
Last Three Fiscal Years

Changes in Net Pension Liability - Allingtown Fire District Plan	2016	2015	2014
Total pension liability:			
Service cost	\$ 491	\$ 463	\$ 430
Interest on total pension liability	1,832	1,839	1,768
Effect of plan changes	1,419	-	1,009
Effect of economic/demographic gains or losses	(1,272)	-	-
Effect of assumption changes or inputs	1,515	-	-
Benefit payments	(1,361)	(1,367)	(1,221)
Net change in total pension liability	2,624	935	1,986
Total pension liability, beginning	25,659	24,724	22,738
Total pension liability, ending (a)	28,283	25,659	24,724
Fiduciary net position:			
Employer contributions	1,560	1,571	1,495
Member contributions	164	162	153
Investment income net of investment expenses	71	(90)	252
Benefit payments	(1,361)	(1,366)	(1,221)
Administrative expenses	(29)	-	(6)
Net change in plan fiduciary net position	405	277	673
Fiduciary net position, beginning	5,330	5,053	4,380
Fiduciary net position, ending (b)	5,735	5,330	5,053
Net pension liability, ending = (a) - (b)	\$ 22,548	\$ 20,329	\$ 19,671
Fiduciary net position as a % of total pension liability	20.28%	20.77%	20.44%
Covered payroll	\$ 1,678	\$ 1,678	\$ 1,678
Net pension liability as a % of covered payroll	1343.74%	1211.50%	1172.29%
Required Supplementary Information - Unaudited			
Schedule of Investment Returns			
June 30, 2016			
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	1.29%	-1.70%	-5.47%

**Required Supplementary Information - Unaudited
Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Retirement System
Last Two Fiscal Years**

	2016	2015
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>\$ 113,727,170</u>	<u>\$ 105,117,977</u>
Total	<u>\$ 113,727,170</u>	<u>\$ 105,117,977</u>
City's covered-employee payroll	<u>\$ 42,273,001</u>	<u>\$ 39,232,000</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Change 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.
Methods and assumptions used in calculations of actuarially determined contributions	The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:
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
Inflation	3.00%
Salary Increase	3.75-7.00%, including inflation
Investment Rate of Return	8.50%, net of investment expense

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-trend is compiled, the City will present information for those years for which information is available.

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions -
City Other Post-Employment Benefit Plan
Last Nine Fiscal Years

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) Projected Unit Credit B	(Over) (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll C	Over/Under Funded AAL as a Percentage of Covered Payroll [(A-B)/C]
7/1/2007	\$ -	\$ 114,359,970	\$ 114,359,970	0.0%	\$ 62,667,713	182.5%
7/1/2009	-	127,963,458	127,963,458	0.0%	65,801,099	194.5%
7/1/2011	-	136,899,137	136,899,137	0.0%	69,091,154	198.1%
7/1/2013	-	188,688,760	188,688,760	0.0%	79,517,322	237.3%
7/1/2015	-	188,688,760	188,688,760	0.0%	79,517,322	237.3%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 8,027,501	\$ 3,240,266	41.2%
2009	8,450,815	3,829,852	45.3%
2010	8,633,569	3,846,140	44.5%
2011	9,051,649	5,144,676	56.8%
2012	9,464,246	6,068,744	64.1%
2013	9,588,218	6,906,130	72.0%
2014	12,816,573	7,693,470	60.0%
2015	12,948,251	7,418,078	57.3%
2016	13,677,829	8,392,644	61.4%

**Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions -
Allingtown Fire District OPEB Plan
Last Seven Fiscal Years**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) Projected Unit Credit B	(Over) (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll C	Over/Under Funded AAL as a Percentage of Covered Payroll [(A-B)/C]
06/30/2010	\$ -	\$ 16,717,000	\$ (16,717,000)	0.0%	\$ 1,341,760	N/A
07/01/2013	-	19,201,569	(19,201,569)	0.0%	1,678,136	N/A

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 1,203,000	\$ 490,000	41.0%
2011	1,203,000	542,000	45.0%
2012	1,282,000	570,000	44.5%
2013	1,367,000	635,000	46.5%
2014	1,342,307	585,466	43.6%
2015	1,434,038	639,429	44.6%

Required Supplementary Information - Unaudited
Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual -
General Fund
For the Year Ended June 30, 2016

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget
Revenues:				
Property taxes, interest and lien fees	\$ 89,734,948	\$ 89,734,948	\$ 90,455,343	\$ 720,395
Intergovernmental	56,715,256	57,214,880	55,457,785	(1,757,095)
Investment income	5,000	5,000	3,946	(1,054)
Charges for services	4,807,612	4,807,612	3,589,044	(1,218,568)
Other local income	611,127	611,127	1,043,783	432,656
Total revenues	151,873,943	152,373,567	150,549,901	(1,823,666)
Expenditures:				
General government	7,391,237	7,142,365	5,613,257	1,529,108
Public Safety	14,898,884	14,898,884	14,648,759	250,125
Public Works	10,519,528	10,438,685	10,530,433	(91,748)
Health and Welfare	1,179,731	1,137,299	1,113,962	23,337
Parks and Recreation	941,568	877,768	844,947	32,821
Education	87,270,284	87,769,908	87,666,923	102,985
Benefits and Insurance	13,492,814	14,312,761	16,420,785	(2,108,024)
Library and other	1,680,000	1,596,000	1,596,000	-
Debt service	16,117,910	15,817,910	15,817,910	-
Total expenditures	153,491,956	153,991,580	154,252,976	(261,396)
Revenue under expenditures	(1,618,013)	(1,618,013)	(3,703,075)	(2,085,062)
Other financing sources (uses):				
Transfers in	1,618,013	1,618,013	1,655,231	37,218
Transfers out	-	-	(438,291)	(438,291)
Total other financing sources (uses)	1,618,013	1,618,013	1,216,940	(401,073)
Revenue and other financing sources (uses) under expenditures	\$ -	\$ -	\$ (2,486,135)	\$ (2,486,135)

Required Supplementary Information - Unaudited
Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual -
Allingtown Fire District
For the Year Ended June 30, 2016

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget
Revenues:				
Property taxes, interest and lien fees	\$ 5,352,683	\$ 5,352,683	\$ 5,566,310	\$ 213,627
Intergovernmental	375,000	375,000	350,027	(24,973)
Charges for services	80,000	80,000	58,709	(21,291)
Other local income	176,949	176,949	235,800	58,851
Total revenues	5,984,632	5,984,632	6,210,846	226,214
Expenditures:				
Personnel	5,102,049	5,102,049	5,439,292	(337,243)
Operating	841,783	841,783	1,011,513	(169,730)
Administrative	40,800	40,800	34,560	6,240
Total expenditures	5,984,632	5,984,632	6,485,365	(500,733)
Revenue under expenditures	\$ -	\$ -	\$ (274,519)	\$ (274,519)

See notes to required supplementary information.

**Note to Required Supplementary Information - Unaudited
June 30, 2016**

Note 1. Stewardship, Compliance and Accountability

Budgets and budgetary accounting: The City adheres to the following procedures in establishing the budgetary data included in the General Fund and Allingtown Fire District financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

- By Charter, the Mayor's recommended budget for the fiscal year beginning July 1 is presented to the City Council no later than the third Thursday in March, with Council action mandated on or before the first Thursday in May.
- After adoption of the original budget, budget transfer, amounts less than \$1,500 within departments require the approval of both the Mayor and the Director of Finance. Budget transfer amounts exceeding \$1,500 require the approval of the City Council.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is the department level for the general fund and the fund level for the Allingtown Fire District.
- Budgets are adopted on a modified accrual basis of accounting, except that encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase and on-behalf payments are not budgeted.
- The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and City Council approval.
- There were no additional appropriations made during the year.
- Unexpended appropriations lapse at the end of the fiscal year, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when the project extends more than one fiscal year.

During the year ended June 30, 2016, the following line items for the City over expended their appropriations:

City Granted Benefits	\$2,108,024
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During the year ended June 30, 2016, the following line items for the Allingtown Fire District over expended their appropriations:

Overtime and vacation pay	\$496,750
FICA	8,076
Medical and life insurance	73,255
Workers comp	222,422
General liability insurance	71,349
Heart and hypertension	1,126
Water	9,473
Trucks	17,943
Leases	371,754

**Note to Required Supplementary Information - Unaudited
June 30, 2016**

Note 1. Stewardship, Compliance and Accountability (Continued)

A reconciliation of General Fund operations presented on a budgetary basis to the amounts presented in the fund financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
General Fund:		
Balance, budgetary basis	\$ 152,205,132	\$ 154,691,267
Risk management costs not in budget	-	(44,733)
Non-budgeted - Transfers	72,717	4,095,046
State teachers retirement payments made by State Department of Education on behalf of the City, not recognized for budgetary purposes	9,313,000	9,313,000
Balance, GAAP basis	\$ 161,590,849	\$ 168,054,580
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Allingtown Fire District:		
Balance, Budgetary Basis	\$ 6,210,846	\$ 6,485,365
Balance, GAAP basis	\$ 6,210,846	\$ 6,485,365

**Individual and Combining Fund
Statements and Other Schedules**

General Fund

General Fund

The general fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health and welfare, parks and recreation, education, library, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Property taxes:				
Current levy and supplement	\$ 88,059,948	\$ 88,059,948	\$ 88,873,012	\$ 813,064
Prior year levies	400,000	400,000	493,171	93,171
Interest and liens	1,000,000	1,000,000	726,848	(273,152)
Suspense tax and interest	275,000	275,000	362,312	87,312
Total property taxes	89,734,948	89,734,948	90,455,343	720,395
Intergovernmental:				
Educational cost sharing	45,496,942	45,996,566	45,972,103	(24,463)
Transportation	659,812	659,812	595,631	(64,181)
Excess cost-student based	2,100,000	2,100,000	-	(2,100,000)
Commitment for schools	-	-	517,121	517,121
Mashantucket Pequot	983,815	983,815	1,013,719	29,904
Health services	150,000	150,000	63,986	(86,014)
PILOT - colleges and hospitals	5,318,239	5,318,239	5,199,073	(119,166)
Municipal revenue sharing	147,516	147,516	147,516	-
Property tax relief - elderly	475,000	475,000	402,538	(72,462)
Property tax relief	125,000	125,000	101,753	(23,247)
FEMA	-	-	26,691	26,691
PILOT - state owned property	55,256	55,256	-	(55,256)
Property tax relief - totally disabled	7,500	7,500	5,977	(1,523)
Town aid road	621,676	621,676	617,903	(3,773)
Telephone access line	105,500	105,500	109,407	3,907
State miscellaneous grants	150,000	150,000	122,967	(27,033)
SCCRWA - PILOT grant	283,000	283,000	277,499	(5,501)
PILOT - housing authority	-	-	282,401	282,401
State task force	36,000	36,000	1,500	(34,500)
Total intergovernmental	56,715,256	57,214,880	55,457,785	(1,757,095)
Charges for services:				
Animal licenses	15,000	15,000	13,451	(1,549)
Marriage licenses	3,000	3,000	3,550	550
Amusement and sporting licenses	500	500	182	(318)
Building permits	1,168,857	1,168,857	946,399	(222,458)
Electrical permits	484,884	484,884	99,198	(385,686)
Excavation permits	75,000	75,000	9,475	(65,525)
Plumbing and heating permits	449,884	449,884	166,951	(282,933)
Zoning permits	400,000	400,000	95,116	(304,884)
Alcoholic beverages licenses	200	200	148	(52)
Police licenses and protection permits	20,000	20,000	13,731	(6,269)
City Clerk fees	7,100	7,100	6,602	(498)
Dog pound releases	7,100	7,100	2,212	(4,888)
Health licenses and restaurant permits	80,000	80,000	81,787	1,787

(Continued)

Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Charges for services, continued:				
Parking tags	\$ 45,000	\$ 45,000	\$ 65,748	\$ 20,748
Fines and penalties - tax	60,000	60,000	23,395	(36,605)
Rents, royalties and concessions	10	10	-	(10)
Rent from City facilities	29,500	29,500	21,750	(7,750)
Public works	6,600	6,600	4,375	(2,225)
General government	48,500	48,500	88,109	39,609
Miscellaneous parks and recreation	330,000	330,000	358,987	28,987
Police service charges	12,500	12,500	10,751	(1,749)
Miscellaneous public works	37,000	37,000	38,578	1,578
Sewer fee collection expense	36,777	36,777	48,397	11,620
Miscellaneous - schools	-	-	400	400
Health fees	-	-	200	200
Quigle/Yale parking	40,000	40,000	43,603	3,603
Fire District share of ERS	750,000	750,000	732,365	(17,635)
Parking meter revenue	20,000	20,000	16,607	(3,393)
Organic recycling/compost	35,000	35,000	22,231	(12,769)
Legal instruments	625,000	625,000	628,310	3,310
Sundry	200	200	231	31
Insurance reimbursement	20,000	20,000	46,205	26,205
Total charges for services	4,807,612	4,807,612	3,589,044	(1,218,568)
Investment Income	5,000	5,000	3,946	(1,054)
Other revenues:				
Voluntary CAD contribution	-	-	-	-
Miscellaneous	200,000	200,000	215,723	15,723
Sale of property	-	-	415,000	415,000
Yale contribution	411,127	411,127	413,060	1,933
Total other revenues	611,127	611,127	1,043,783	432,656
Total revenues	151,873,943	152,373,567	150,549,901	(1,823,666)
Other Financing Sources				
Transfers in - various	220,000	220,000	264,418	44,418
Transfers in - Sewer Fund	1,398,013	1,398,013	1,390,813	(7,200)
Total other financing sources	1,618,013	1,618,013	1,655,231	37,218
Total revenues and other financing sources	\$ 153,491,956	\$ 153,991,580	\$ 152,205,132	\$ (1,786,448)

Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government:				
City Council	\$ 91,231	\$ 91,231	\$ 110,900	\$ (19,669)
Mayor's Office	341,188	324,629	330,258	(5,629)
Corporation Counsel	626,483	605,159	619,885	(14,726)
Personnel Department	171,897	170,303	169,850	453
Telephone Administration	230,000	230,000	206,706	23,294
City Clerk	296,384	296,384	304,530	(8,146)
Registrar of Voters	166,400	166,400	163,118	3,282
Probate Court	13,520	13,520	10,192	3,328
Planning and Development	399,517	380,017	362,746	17,271
Grants Administration	63,545	63,545	64,608	(1,063)
Building Department	562,630	485,385	470,701	14,684
Treasurer	7,600	7,600	7,600	-
Comptroller's Office	849,204	833,204	856,777	(23,573)
Purchasing Department	203,860	193,570	195,237	(1,667)
Data Processing Department	547,921	520,521	560,398	(39,877)
Central Services	282,192	268,083	201,045	67,038
Department of Assessments	433,634	426,660	426,886	(226)
Board of Tax Appeals	4,000	2,500	3,000	(500)
Department of Tax Collections	427,531	406,154	339,773	66,381
Unallocated contingency	1,672,500	1,657,500	209,047	1,448,453
Total general government	7,391,237	7,142,365	5,613,257	1,529,108
Public Safety:				
ERS Department	1,823,815	1,727,994	1,692,357	35,637
Police administration	949,405	914,394	894,144	20,250
Police operations	10,891,997	11,026,129	10,842,322	183,807
Police Department support	939,077	935,777	939,726	(3,949)
Animal Control	278,144	278,144	263,825	14,319
Civil Preparedness	16,446	16,446	16,385	61
Total public safety	14,898,884	14,898,884	14,648,759	250,125
Board of Education	87,270,284	87,769,908	87,666,923	102,985

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public Works:				
Public Works administration	\$ 589,667	\$ 589,667	\$ 624,971	\$ (35,304)
Engineering	187,899	152,768	151,962	806
Vehicle maintenance	1,284,121	1,284,121	1,249,869	34,252
Compost site	44,001	44,001	37,746	6,255
Solid waste	2,866,300	2,866,300	2,900,896	(34,596)
Grounds maintenance	28,080	28,080	29,339	(1,259)
Building maintenance	1,390,860	1,345,148	1,360,905	(15,757)
Highways and Parks administration	3,668,310	3,668,310	3,679,294	(10,984)
Highways and Parks	4,380	4,380	4,359	21
Parks maintenance	180,910	180,910	213,167	(32,257)
Outside contractors	80,000	80,000	82,132	(2,132)
Trees	195,000	195,000	195,793	(793)
Total public works	10,519,528	10,438,685	10,530,433	(91,748)
Health and Welfare:				
Department of Human Resources	321,365	305,297	313,456	(8,159)
Department of Elderly Services	478,343	460,843	432,896	27,947
Health Department	380,023	371,159	367,610	3,549
Total health and welfare	1,179,731	1,137,299	1,113,962	23,337
Parks and Recreation:				
Recreational services	637,087	618,087	594,173	23,914
Day camp program	140,079	108,079	119,415	(11,336)
Bennett Rink programs	35,000	28,200	28,200	-
Aquatic programs	129,402	123,402	103,159	20,243
Total parks and recreation	941,568	877,768	844,947	32,821
Benefits and Insurance:				
City granted benefits	11,065,100	11,995,714	13,328,693	(1,332,979)
State mandated benefits	1,480,000	1,480,000	2,224,150	(744,150)
C-Med programs	112,193	51,526	41,844	9,682
City insurance premiums	445,521	445,521	490,821	(45,300)
City insurance retention	390,000	340,000	335,277	4,723
Total benefits and insurance	13,492,814	14,312,761	16,420,785	(2,108,024)

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Library	\$ 1,680,000	\$ 1,596,000	\$ 1,596,000	-
Debt Service	16,117,910	15,817,910	15,817,910	-
Total expenditures	153,491,956	153,991,580	154,252,976	(261,396)
Other financing uses:				
Transfer out to capital nonrecurring	-	-	438,291	(438,291)
Total expenditures and other financing sources	\$ 153,491,956	\$ 153,991,580	\$ 154,691,267	\$ (699,687)

**Schedule of Revenues and Other Financing Sources - Allingtown Fire District
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Property taxes:				
Current property taxes	\$ 5,237,683	\$ 5,237,683	\$ 5,253,795	\$ 16,112
Prior year property taxes	75,000	75,000	176,814	101,814
Interest and lien fees	-	-	92,154	92,154
Regional Water Authority - PILOT	40,000	40,000	43,547	3,547
Total property taxes	5,352,683	5,352,683	5,566,310	213,627
Intergovernmental:				
State grants - PILOT	375,000	375,000	350,027	(24,973)
Total intergovernmental	375,000	375,000	350,027	(24,973)
Contributions and local grants:				
University of New Haven/Yale donations	100,000	100,000	100,000	-
Total contributions and local grants	100,000	100,000	100,000	-
Charges for services:				
Miscellaneous fees	50,000	50,000	38,685	(11,315)
Bundle billing	15,000	15,000	9,111	(5,889)
Extra duty	15,000	15,000	10,913	(4,087)
Total charges for services	80,000	80,000	58,709	(21,291)
Other revenues:				
Insurance recovery	2,000	2,000	452	(1,548)
FD Transport income	-	-	7,598	7,598
Insurance reimbursement	-	-	78,811	78,811
Miscellaneous	74,949	74,949	48,939	(26,010)
Total other revenues	76,949	76,949	135,800	58,851
Total revenues	\$ 5,984,632	\$ 5,984,632	\$ 6,210,846	\$ 226,214

**Schedule of Expenditures and Other Financing Uses - Budget and Actual - Allingtown Fire District Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Personnel Department:				
Salaries	\$ 2,102,962	\$ 2,102,962	\$ 1,696,503	\$ 406,459
Overtime and vacation pay	-	-	496,750	(496,750)
FICA	8,300	8,300	16,376	(8,076)
Pension contributions	1,588,812	1,588,812	1,558,192	30,620
Medical and life insurance	1,134,000	1,134,000	1,207,255	(73,255)
Workers comp	75,000	75,000	297,422	(222,422)
General liability insurance	35,475	35,475	106,824	(71,349)
Uniforms	10,000	10,000	7,654	2,346
Personal computers	18,000	18,000	15,476	2,524
Financial services	12,500	12,500	10,714	1,786
Heart and Hypertension	25,000	25,000	26,126	(1,126)
Educational incentives	92,000	92,000	-	92,000
Total personnel	5,102,049	5,102,049	5,439,292	(337,243)
Operating:				
Telephone	305,979	305,979	283,918	22,061
Electric	22,000	22,000	13,676	8,324
Water	141,400	141,400	150,873	(9,473)
Gas and heat	11,000	11,000	8,157	2,843
Fuel	18,000	18,000	11,297	6,703
Building maintenance	18,000	18,000	15,903	2,097
Equipment maintenance	31,500	31,500	23,195	8,305
Contingency	50,000	50,000	30,239	19,761
Reserve deficit	150,000	150,000	-	150,000
Tools and miscellaneous	14,904	14,904	10,710	4,194
Trucks	63,000	63,000	80,943	(17,943)
Leases	-	-	371,754	(371,754)
Medical testing and equipment	16,000	16,000	10,848	5,152
Total operating	841,783	841,783	1,011,513	(169,730)
Administrative:				
Office supplies and printing	6,000	6,000	5,586	414
Training	14,800	14,800	10,067	4,733
Business expense	9,000	9,000	8,600	400
Miscellaneous	11,000	11,000	10,307	693
Total administrative	40,800	40,800	34,560	6,240
Total expenditures	\$ 5,984,632	\$ 5,984,632	\$ 6,485,365	\$ (500,733)

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes.

Capital Projects

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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City of West Haven, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 Year ended June 30, 2016

	Special Revenue Funds			
	Document Preservation	Education Grant Fund	Miscellaneous Grants	School Lunch Program
Assets				
Cash	\$ -	\$ -	\$ -	\$ 1,260
Receivables:				
Intergovernmental	-	496,921	-	555,808
Loan	-	-	-	-
Other	315	-	19,950	500
Due from other funds	44,110	828,983	19,001	-
Total assets	\$ 44,425	\$ 1,325,904	\$ 38,951	\$ 557,568
Liabilities				
Accounts payable	\$ -	\$ 767,907	\$ -	\$ 73,550
Due to other funds	-	-	142,584	484,018
Total liabilities	-	767,907	142,584	557,568
Deferred Inflows of Resources				
Unavailable revenue - loans	-	-	-	-
Unavailable revenue - charges for services	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (Deficits)				
Restricted	44,425	557,997	-	-
Unassigned	-	-	(103,633)	-
Total fund balances (deficits)	44,425	557,997	(103,633)	-
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 44,425	\$ 1,325,904	\$ 38,951	\$ 557,568

Schedule 5

Special Revenue Funds

Public Safety	Health and Welfare	Career and Adult Education	Community Development Block Grant	Savin Rock	Sports Facilities	Total Special Revenue
\$ -	\$ -	\$ -	\$ 461,449	\$ -	\$ -	\$ 462,709
-	-	-	2,000	-	-	1,054,729
-	-	-	1,965,797	-	-	1,965,797
207,886	-	380	-	-	-	229,031
92,544	116,561	254,851	-	155,585	-	1,511,635
<u>\$ 300,430</u>	<u>\$ 116,561</u>	<u>\$ 255,231</u>	<u>\$ 2,429,246</u>	<u>\$ 155,585</u>	<u>\$ -</u>	<u>\$ 5,223,901</u>
\$ 1,875	\$ 29,313	\$ 23,078	\$ 74,579	\$ 103,167	\$ 32,895	1,106,364
170,665	49,709	34,595	200,586	24,007	-	1,106,164
172,540	79,022	57,673	275,165	127,174	32,895	2,212,528
-	-	-	1,965,797	-	-	1,965,797
36,645	-	-	-	-	-	36,645
36,645	-	-	1,965,797	-	-	2,002,442
91,245	37,539	197,558	188,284	28,411	-	1,145,459
-	-	-	-	-	(32,895)	(136,528)
91,245	37,539	197,558	188,284	28,411	(32,895)	1,008,931
<u>\$ 300,430</u>	<u>\$ 116,561</u>	<u>\$ 255,231</u>	<u>\$ 2,429,246</u>	<u>\$ 155,585</u>	<u>\$ -</u>	<u>\$ 5,223,901</u>

(Continued)

City of West Haven, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2016

	Capital Project Funds		
	Clean Water Fund	Brownfields	Capital and Nonrecurring
Assets			
Cash	\$ -	\$ -	\$ -
Receivables			
Intergovernmental	-	-	-
Loan	-	-	-
Other	-	-	-
Due from other funds	-	12,081	265,728
Total assets	<u>\$ -</u>	<u>\$ 12,081</u>	<u>\$ 265,728</u>
Liabilities			
Accounts payable	\$ -	\$ 142,547	\$ 72,935
Due to other funds	-	-	77
Total liabilities	<u>-</u>	<u>142,547</u>	<u>73,012</u>
Deferred Inflows of Resources			
Unavailable revenue - loans	-	-	-
Unavailable revenue - charges for services	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted	-	-	192,716
Unassigned	-	(130,466)	-
Total fund balances (deficits)	<u>-</u>	<u>(130,466)</u>	<u>192,716</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ -</u>	<u>\$ 12,081</u>	<u>\$ 265,728</u>

Schedule 5

Capital Project Funds			Total Nonmajor Governmental Funds
Redevelopment Fund	Train Site	Total Capital Project	
\$ -	\$ -	\$ -	\$ 462,709
-	-	-	1,054,729
-	-	-	1,965,797
-	-	-	229,031
-	-	277,809	1,789,444
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,809</u>	<u>\$ 5,501,710</u>
\$ -	\$ -	\$ 215,482	1,321,846
-	-	77	1,106,241
-	-	215,559	2,428,087
-	-	-	1,965,797
-	-	-	36,645
-	-	-	2,002,442
-	-	192,716	1,338,175
-	-	(130,466)	(266,994)
-	-	62,250	1,071,181
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,809</u>	<u>\$ 5,501,710</u>

City of West Haven, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2016

	Special Revenue Funds			
	Document Preservation	Education Grant Fund	Miscellaneous Grants	School Lunch Program
Revenues:				
Intergovernmental	\$ -	\$ 8,406,601	\$ 50,114	\$ 2,367,836
Charges for services	12,785	-	3,000	650,119
Interest income	-	-	-	-
Contributions	-	1	-	-
Total revenues	12,785	8,406,602	53,114	3,017,955
Expenditures:				
Current:				
General government	35,331	-	38,487	-
Public Safety	-	-	-	-
Health and Welfare	-	-	109,218	-
Education	-	8,183,019	-	3,231,390
Parks and Recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	35,331	8,183,019	147,705	3,231,390
Excess (deficiency) of revenues over expenditures	(22,546)	223,583	(94,591)	(213,435)
Other financing sources (uses):				
Transfers in	-	-	-	831,176
Transfers out	-	(35,925)	-	-
Total other financing sources (uses)	-	(35,925)	-	831,176
Net change in fund balances (deficits)	(22,546)	187,658	(94,591)	617,741
Fund balances (deficits), beginning	66,971	370,339	(9,042)	(617,741)
Fund balances (deficits), ending	\$ 44,425	\$ 557,997	\$ (103,633)	\$ -

Schedule 6

Special Revenue Funds						Special Revenue Funds
Public Safety	Health and Welfare	Career and Adult Education	Community Development Block Grant	Savin Rock	Sports Facilities	Total Special Revenue
\$ 47,092	\$ 187,648	\$ 222,056	\$ 517,929	\$ 147,515	\$ -	\$ 11,946,791
1,530,179	126,359	72,815	127,024	158,783	386,395	3,067,459
-	-	-	2,772	-	-	2,772
-	-	-	-	-	-	1
1,577,271	314,007	294,871	647,725	306,298	386,395	15,017,023
-	-	-	-	-	-	73,818
1,279,791	-	-	-	-	-	1,279,791
-	294,958	-	558,162	-	-	962,338
-	-	400,063	-	-	-	11,814,472
-	-	-	-	438,423	549,621	988,044
-	-	-	100,936	-	-	100,936
1,279,791	294,958	400,063	659,098	438,423	549,621	15,219,399
297,480	19,049	(105,192)	(11,373)	(132,125)	(163,226)	(202,376)
40,000	-	995,283	-	-	342,247	2,208,706
(270,278)	(110)	(62,601)	-	7,421	-	(361,493)
(230,278)	(110)	932,682	-	7,421	342,247	1,847,213
67,202	18,939	827,490	(11,373)	(124,704)	179,021	1,644,837
24,043	18,600	(629,932)	199,657	153,115	(211,916)	(635,906)
\$ 91,245	\$ 37,539	\$ 197,558	\$ 188,284	\$ 28,411	\$ (32,895)	\$ 1,008,931

(Continued)

City of West Haven, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)

Nonmajor Governmental Funds

June 30, 2016

	Capital Project Funds		
	Clean Water Fund	Brownfields	Capital and Nonrecurring
Revenues:			
Intergovernmental	\$ 48,818	\$ 57,004	\$ -
Charges for services	-	-	-
Interest Income	-	-	-
Contributions	-	-	-
Total revenues	48,818	57,004	-
Expenditures:			
Current:			
General government	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Education	-	-	-
Parks and Recreation	-	-	-
Capital outlay	-	181,498	506,274
Total expenditures	-	181,498	506,274
Excess (deficiency) of revenues over expenditures	48,818	(124,494)	(506,274)
Other financing sources (uses):			
Transfers in	303,315	-	438,291
Transfers out	-	-	-
Total other financing sources (uses)	303,315	-	438,291
Net change in fund balances	352,133	(124,494)	(67,983)
Fund balances (deficits), beginning	(352,133)	(5,972)	260,699
Fund balances (deficits), ending	\$ -	\$ (130,466)	\$ 192,716

Schedule 6

Capital Project Funds			Total Nonmajor Governmental Funds
Redevelopment Fund	Train Site	Total Capital Project	
\$ -	\$ -	\$ 105,822	\$ 12,052,613
-	-	-	3,067,459
-	-	-	2,772
-	-	-	1
-	-	105,822	15,122,845
-	-	-	73,818
-	-	-	1,279,791
-	-	-	962,338
-	-	-	11,814,472
-	-	-	988,044
-	10,000	697,772	798,708
-	10,000	697,772	15,917,171
-	(10,000)	(591,950)	(794,326)
-	18,695	760,301	2,969,007
(4,146)	-	(4,146)	(365,639)
(4,146)	18,695	756,155	2,603,368
(4,146)	8,695	164,205	1,809,042
4,146	(8,695)	(101,955)	(737,861)
\$ -	\$ -	\$ 62,250	\$ 1,071,181

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Fiduciary Funds

Fiduciary Funds

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities)

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Cash				
Student activity funds	\$ 282,428	\$ 858,590	\$ 889,602	\$ 251,416
Liabilities				
Accounts payable				
Student activity funds	\$ 282,428	\$ 858,590	\$ 889,602	\$ 251,416

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Other Schedules

Report of Tax Collector
For the Year Ended June 30, 2016

Grand List Year	Uncollected Taxes July 1, 2015	Current Year Levy	Lawful Corrections		Transfers to Suspend	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2016
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Total	Overpayments	
2000	\$ 89,642	\$ -	\$ -	\$ (25,292)	\$ -	\$ 64,350	\$ 2,285	\$ 1,382	\$ 3,667	\$ -	\$ 62,065
2001	100,856	-	-	(27,220)	-	73,636	931	979	1,910	-	72,705
2002	91,981	-	-	(28,076)	-	63,905	383	914	1,297	-	63,522
2003	92,349	-	180	(30,033)	-	62,496	3,263	289	3,552	-	59,233
2004	98,931	-	152	(31,518)	-	67,565	1,409	(93)	1,317	-	66,156
2005	186,993	-	-	(34,680)	-	152,313	29,298	16,538	45,836	-	123,015
2006	101,362	-	34	(29,671)	-	71,725	7,173	4,184	11,357	-	64,552
2007	109,223	-	-	(29,671)	-	79,552	4,532	3,703	8,235	-	75,020
2008	157,443	-	323	(30,022)	-	127,744	11,226	3,756	14,982	-	116,518
2009	189,961	-	839	(36,947)	-	153,853	19,911	9,561	29,472	-	133,942
2010	193,474	-	1,031	(54,857)	-	139,648	26,121	28,266	54,387	-	113,527
2011	216,896	-	1,073	(54,840)	-	163,129	39,998	31,071	71,069	-	123,131
2012	801,958	-	17,373	(60,897)	(479,568)	278,866	134,179	83,111	217,290	-	144,687
2013	1,453,764	-	24,478	(136,875)	-	1,341,367	574,876	232,539	807,415	-	766,491
Total prior yrs.	3,884,833	-	45,483	(610,599)	(479,568)	2,840,149	855,585	416,200	1,271,785	-	1,984,564
2014	-	89,942,671	83,236	(305,359)	-	89,720,548	88,555,278	522,170	89,077,448	160,834	1,326,104
Total all years	\$ 3,884,833	\$ 89,942,671	\$ 128,719	\$ (915,958)	\$ (479,568)	\$ 92,560,697	\$ 89,410,863	\$ 938,370	\$ 90,349,233	\$ 160,834	\$ 3,310,668

Report of Tax Collector
 Allingtown Fire District
 For the Year Ended June 30, 2016

Grand List Year	Uncollected Taxes July 1, 2015	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2016
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Total	Overpayments	
2000	\$ 6,376	\$ -	\$ -	\$ (1,581)	\$ -	\$ 4,795	\$ 80	\$ 210	\$ 290	\$ -	\$ 4,715
2001	8,822	-	-	(2,187)	-	6,635	108	263	371	-	6,527
2002	8,265	-	-	(2,187)	-	6,078	108	244	352	-	5,970
2003	7,934	-	46	(2,113)	-	5,867	8	17	25	-	5,859
2004	8,113	-	37	(2,113)	-	6,037	8	16	24	-	6,029
2005	26,289	-	-	(2,034)	-	24,255	5,353	3,499	8,852	-	18,902
2006	9,231	-	-	(2,034)	-	7,197	580	794	1,374	-	6,617
2007	34,610	-	-	(2,034)	-	32,576	4,555	720	5,275	-	28,021
2008	26,625	-	84	(2,505)	-	24,204	2,849	888	3,737	-	21,355
2009	29,408	-	-	(2,654)	-	26,754	4,776	2,443	7,219	-	21,978
2010	28,905	-	23	(2,492)	-	26,436	19,866	4,702	24,568	-	6,570
2011	40,918	-	36	(2,688)	-	38,266	22,175	5,462	27,637	-	16,091
2012	23,684	-	50,839	(2,178)	(32,209)	40,136	18,574	7,548	26,122	-	21,562
2013	125,793	-	3,117	(8,971)	-	119,939	43,923	12,043	55,966	-	76,016
Total prior yrs.	384,973	-	54,182	(37,771)	(32,209)	369,175	122,963	38,849	161,812	-	246,212
2014	-	5,436,104	5,769	(21,633)	-	5,420,240	5,292,934	30,940	5,323,874	-	127,306
Total all years	\$ 384,973	\$ 5,436,104	\$ 59,951	\$ (59,404)	\$ (32,209)	\$ 5,789,415	\$ 5,415,897	\$ 69,789	\$ 5,485,686	\$ -	\$ 373,518

Statistical Section

**Net Position (Deficit) By Component
Last Nine Fiscal Years (unaudited)
(Accrual Basis of Accounting)**

	Fiscal Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:									
Net investment in capital assets	\$ 110,165,292	\$ 103,786,476	\$ 93,015,386	\$ 83,270,506	\$ 69,375,594	\$ 61,266,156	\$ 57,222,245	\$ 52,450,723	\$ 48,023,222
Restricted	1,450,430	199,656	143,257	240,190	164,562	233,921	602,822	319,210	1,397,482
Unrestricted	(159,928,062)	(153,446,871)	(82,442,903)	(64,127,305)	(53,593,398)	(42,546,305)	(22,031,405)	(11,821,432)	(7,769,825)
Total governmental activities net position (deficit)	\$ (48,312,340)	\$ (49,460,739)	\$ 10,715,740	\$ 19,383,391	\$ 15,946,758	\$ 18,953,772	\$ 35,793,662	\$ 40,948,501	\$ 41,650,879

Changes In Net Position (Deficit)
Last Nine Fiscal Years (unaudited)
(Accrual Basis of Accounting)

	Fiscal Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:									
Governmental activities:									
General government	\$ 7,774,273	\$ 7,477,278	\$ 7,987,973	\$ 9,896,396	\$ 9,581,831	\$ 10,517,508	\$ 10,156,411	\$ 9,798,519	\$ 11,527,972
Public Safety	32,061,576	34,474,682	34,391,960	37,158,465	32,589,270	33,535,109	13,660,389	15,408,852	13,988,187
Public Works	23,875,064	25,086,632	21,635,683	18,615,619	22,120,936	20,127,111	18,660,033	17,838,937	18,930,346
Health and Welfare	2,549,216	2,768,874	2,540,066	2,478,153	2,699,044	3,045,950	3,591,450	3,596,121	3,574,043
Parks and Recreation	2,186,667	1,968,356	1,959,279	2,090,380	2,006,774	2,090,228	2,088,704	2,163,519	1,881,953
Education	122,678,656	120,520,940	123,106,721	106,168,675	104,924,164	105,779,731	114,733,755	113,420,176	105,810,392
Library	1,778,657	1,798,324	1,867,189	1,603,717	1,603,717	1,603,717	1,978,359	2,038,883	-
Interest expense	4,719,812	3,525,526	7,392,322	6,358,021	6,941,602	6,835,336	7,328,303	7,708,564	8,034,364
Total governmental activities expenses	197,623,921	197,620,612	200,881,193	184,369,426	182,467,338	183,534,690	172,197,404	171,973,571	163,747,257
Program revenue:									
Charges for services:									
General government	830,937	742,464	655,798	551,292	585,478	506,594	1,075,493	1,494,083	1,294,789
Public Safety	2,500,890	2,089,617	2,130,821	2,022,764	1,545,500	1,452,708	1,331,757	1,043,740	1,072,780
Public Works	13,468,371	13,164,265	13,470,649	10,431,335	9,290,665	8,078,109	6,989,208	6,082,949	5,994,330
Health and Welfare	335,370	334,002	289,573	223,963	220,959	1,005,016	184,970	338,981	235,940
Parks and Recreation	904,347	958,168	950,469	1,060,204	911,020	905,706	901,411	831,258	931,838
Education	766,938	917,518	1,020,331	1,097,692	1,141,089	978,600	451,161	538,074	541,188
Operating grants and contributions	69,612,238	70,338,355	68,763,572	64,923,248	63,074,004	61,057,889	65,595,454	64,637,666	60,030,561
Capital grants and contributions	6,670,007	6,224,629	3,365,792	5,134,306	5,518,859	10,290,716	4,406,669	6,396,584	4,775,814
Total governmental activities program revenue	95,089,098	94,769,018	90,647,005	85,444,804	82,287,574	84,275,338	80,936,123	81,363,335	74,877,240
Net expenses	(102,534,823)	(102,851,594)	(110,234,188)	(98,924,622)	(100,179,764)	(99,259,352)	(91,261,281)	(90,610,236)	(88,870,017)
General revenues:									
Property taxes	95,079,278	92,973,074	93,549,828	94,905,686	89,791,210	84,350,418	80,619,411	85,343,581	86,847,919
Grants and contributions not restricted to specific programs	7,553,442	7,593,745	7,369,539	8,820,355	6,513,841	5,680,141	5,428,729	4,391,529	4,066,705
Investment income	6,718	7,766	8,491	12,968	19,877	29,048	58,032	172,748	573,161
Gain on sale of assets	-	-	-	451,999	-	-	-	-	-
Transfers	-	1,448,500	59,274	-	-	-	-	-	-
Miscellaneous	1,043,784	278,459	579,405	247,020	847,822	579,440	-	-	-
Total general revenues	103,683,222	102,301,544	101,566,537	104,438,028	97,172,750	90,639,047	86,106,172	89,907,858	91,487,785
Changes in net position (deficit)	\$ 1,148,399	\$ (550,050)	\$ (8,667,651)	\$ 5,513,406	\$ (3,007,014)	\$ (8,620,305)	\$ (5,155,109)	\$ (702,378)	\$ 2,617,768

**Fund Balances (Deficits), Governmental Funds
Last Nine Fiscal Years (unaudited)
(Accrual Basis of Accounting)**

	Fiscal Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:									
Nonspendable	\$ 152,351	\$ 6,116,001	\$ 1,760,849	\$ 5,537,319	\$ 3,935,324	\$ 993,567	\$ 3,028,175	\$ 1,061,454	\$ -
Unassigned	(16,888,415)	(16,313,098)	(10,254,844)	(13,313,968)	(14,471,990)	(11,544,797)	(13,768,153)	(5,896,031)	(4,864,673)
Total general fund	(16,736,064)	(10,197,097)	(8,493,995)	(7,776,649)	(10,536,666)	(10,551,230)	(10,739,978)	(4,834,577)	(4,864,673)
All other governmental funds:									
Nonspendable	149,832	2,079,171	-	-	-	-	-	-	-
Restricted	1,450,430	199,656	200,587	240,190	164,562	233,921	602,822	319,210	1,397,482
Committed	-	-	402,098	474,174	222,133	4,146	4,146	4,146	4,146
Unassigned	(2,661,727)	(9,734,429)	(8,781,547)	(9,274,093)	(31,937,625)	(23,863,693)	(7,910,482)	(13,937,730)	(13,259,983)
Total all other governmental funds	(1,061,465)	(7,455,602)	(8,178,862)	(8,559,729)	(31,550,930)	(23,625,626)	(7,303,514)	(13,614,374)	(11,858,355)
Grand total	\$ (17,797,529)	\$ (17,652,699)	\$ (16,672,857)	\$ (16,336,378)	\$ (42,087,596)	\$ (34,176,856)	\$ (18,043,492)	\$ (18,448,951)	\$ (16,723,028)

**Changes in Fund Balances (Deficits), Governmental Funds
Last Nine Fiscal Years (unaudited)
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:									
Property taxes	\$ 95,978,106	\$ 94,212,286	\$ 94,202,314	\$ 93,881,204	\$ 88,736,315	\$ 85,420,340	\$ 84,739,371	\$ 85,343,581	\$ 85,906,419
Intergovernmental revenues	93,208,317	84,253,028	79,386,506	78,651,759	75,183,807	75,024,583	75,795,597	72,728,301	67,231,796
Charges for services	18,007,328	18,188,324	17,558,937	15,337,866	13,320,135	11,895,703	10,165,167	10,160,102	9,931,794
Income from investments	178,812	116,280	76,150	12,968	19,877	29,048	58,032	172,748	573,161
Contributions	6,718	7,766	8,491	226,150	2,000	15,123	-	-	-
Other	628,784	237,909	579,405	247,020	843,307	579,440	1,935,834	3,070,073	1,943,957
Total revenues	208,008,065	197,015,593	191,811,803	188,356,967	178,105,441	173,264,237	172,694,001	171,474,805	165,587,127
Expenditures:									
Current:									
General government	5,647,074	5,510,058	5,737,466	6,078,850	5,671,255	5,405,726	5,355,904	5,235,808	4,899,318
Public Safety	22,317,496	22,153,601	20,666,182	20,922,581	14,666,101	13,819,243	13,610,437	14,204,302	13,916,881
Public Works	20,136,638	19,549,895	17,357,922	17,894,033	16,586,561	15,316,633	15,596,919	15,408,521	15,101,735
Benefits and Insurance	16,451,288	15,890,748	13,602,831	12,431,531	13,359,388	12,980,809	13,667,488	12,843,986	11,808,382
Health and Welfare	2,076,300	2,253,077	1,946,985	2,105,842	2,435,373	2,486,262	3,149,758	3,152,310	3,165,587
Library	1,596,000	1,630,001	1,630,000	1,603,717	1,603,717	1,603,717	1,810,410	1,751,335	1,927,079
Parks and Recreation	1,832,991	1,629,541	1,563,951	1,593,077	1,698,512	1,702,381	1,634,962	1,817,968	1,707,053
Education	118,107,395	107,662,010	105,512,213	101,724,814	99,862,121	98,972,044	100,486,319	96,910,228	92,278,424
Capital outlay	2,389,770	9,989,505	9,474,379	8,936,009	15,014,444	21,279,948	11,041,054	3,429,694	3,857,723
Debt service:									
Principal	13,661,624	20,949,694	15,213,760	11,349,748	11,593,783	11,689,499	10,591,607	10,779,544	11,177,261
Interest	4,026,967	4,123,543	5,611,867	6,667,650	7,088,281	6,841,339	7,355,074	7,667,032	7,968,846
Total expenditures	208,243,543	211,341,673	198,317,556	191,307,852	189,579,536	192,097,601	184,299,932	173,200,728	167,808,289
Excess of revenues (under) expenditures	(235,478)	(14,326,080)	(6,505,753)	(2,950,885)	(11,474,095)	(18,833,364)	(11,605,931)	(1,725,923)	(2,221,162)
Other financing sources (uses):									
Issuance of debt	-	10,945,544	6,110,000	28,250,103	3,685,000	-	11,716,000	-	-
Issuance of refunding bonds	-	38,715,000	-	-	47,410,000	-	7,420,000	-	-
Capital leases	-	615,118	-	-	286,925	-	242,000	-	-
Payment to refunded bond escrow agent	-	(38,377,921)	-	-	(51,024,942)	-	(7,366,610)	-	-
Premium on bonds issued	-	-	-	-	4,523,571	-	-	-	-
Sale of assets	415,000	1,448,500	-	452,000	4,515	-	-	-	-
Transfers in	6,055,392	2,658,337	3,235,880	3,158,782	2,650,915	2,989,178	2,861,923	1,997,144	11,294,282
Transfers out	(6,379,744)	(2,658,337)	(3,176,606)	(3,158,782)	(2,650,915)	(2,989,178)	(2,861,923)	(1,997,144)	(11,294,282)
Total other financing sources (uses)	90,648	13,346,241	6,169,274	28,702,103	4,885,069	-	12,011,390	-	-
Net change in fund balances (deficits)	\$ (144,830)	\$ (979,839)	\$ (336,479)	\$ 25,751,218	\$ (6,589,026)	\$ (18,833,364)	\$ 405,459	\$ (1,725,923)	\$ (2,221,162)
Debt service as a percentage of noncapital expenditures	9%	12%	5%	11%	12%	12%	12%	12%	13%

**Property Tax Rates, Levies and Collections
Last Nine Years
(Unaudited)**

Year Ended June 30,	Mill Rate ⁽¹⁾	Total Adjusted Tax Levy (1)	Net Current Levy Tax Collections	Percentage of Current Taxes Collected	Collections in Subsequent Years	Total Collections to Date		Current Delinquent Balance	
						Amount	Percentage of Levy		
<u>City</u>									
2008	27.96	85,753,931	83,632,811	97.53%	1,988,765	\$ 85,621,576	99.85%	\$ 132,355	
2009	27.96	84,118,885	82,646,635	98.25%	1,344,511	83,991,146	99.85%	127,739	
2010	27.96	84,226,337	82,862,226	98.38%	797,423	83,659,649	99.33%	566,688	
2011	27.96	84,116,342	82,892,466	98.55%	626,081	83,518,547	99.29%	597,795	
2012	31.25	87,970,800	86,085,641	97.86%	1,013,517	87,099,158	99.01%	871,642	
2013	31.25	88,111,713	86,410,454	98.07%	803,566	87,214,020	98.98%	897,693	
2014	31.25	88,395,137	86,723,519	98.11%	959,959	87,683,478	99.19%	711,659	
2015	31.25	88,651,979	87,340,812	98.52%	784,949	88,125,761	99.41%	3,884,833	
2016	31.25	89,720,548	88,555,278	98.70%	-	88,555,278	98.70%	3,310,668	
<u>Allingtown Fire District</u>									
2013	8.38	4,727,093	4,596,111	97.23%	55,399	4,651,510	98.40%	130,982	
2014	8.38	4,526,447	4,393,485	97.06%	64,245	4,457,730	98.48%	68,717	
2015	8.63	4,887,391	4,762,781	97.45%	86,912	4,849,693	99.23%	384,973	
2016	9.44	5,420,240	5,292,934	97.65%	-	5,292,934	97.65%	373,518	

⁽¹⁾ Adjusted tax levy equals the tax levy after lawful corrections, abatements and transfers to suspense.

Source: City of West Haven Tax Office.

**Ratio of Outstanding Debt by Type
Last Nine Years
(Unaudited)**

Year Ended June 30,	General Obligation Bonds	Bond Premium	Clean Water Notes	Capital Leases	Total	Population ⁽¹⁾	Per Capita
2008	149,400,000	-	14,488,783	178,047	\$ 164,066,830	52,676	\$ 3,115.00
2009	140,250,000	-	12,994,134	43,152	153,287,286	52,420	2,924.00
2010	142,876,000	-	11,470,330	157,849	154,504,179	53,007	2,915.00
2011	132,740,000	-	9,916,831	78,925	142,735,756	55,662	2,564.00
2012	123,860,000	811,227	8,333,048	186,812	133,191,087	55,477	2,401.00
2013	114,125,000	748,825	34,968,403	143,563	149,985,791	55,404	2,707.00
2014	103,440,000	3,142,000	31,352,242	289,039	138,223,281	55,046	2,511.05
2015	102,270,000	2,693,143	30,653,196	688,487	136,304,826	56,172	2,426.56
2016	91,495,000	2,244,286	28,420,612	452,007	122,611,905	56,172	2,182.79

⁽¹⁾ Per Connecticut State Department of Health

**Computation of Legal Debt Limitation (unaudited)
June 30, 2016**

Total tax collections (including interest and lien fees) for the year ended June 30, 2015	\$ 90,349,233
Allingtown Fire District	5,485,686
Reimbursement for revenue loss: Tax relief for elderly freeze grant	-
Total base	<u>\$ 95,834,919</u>
Debt limit	<u>\$ 670,844,430</u>

	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
Debt limitation:					
2-1/4 times base	\$ 215,628,567	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	431,257,134	-	-	-
3-3/4 times base	-	-	359,380,945	-	-
3-1/4 times base	-	-	-	311,463,485	-
3 times base	-	-	-	-	287,504,756
Total debt limitation	<u>215,628,567</u>	<u>431,257,134</u>	<u>359,380,945</u>	<u>311,463,485</u>	<u>287,504,756</u>
Debt as defined by statute:					
Bonds	39,568,250	19,710,700	1,351,050	-	30,865,000
Bond anticipation notes	-	-	-	-	-
Bonds authorized but unissued	16,215,875	147,701,404	2,845,604	-	-
Intergovernmental revenue	-	-	(218,000)	-	-
School grants receivable	-	(99,073,828)	-	-	-
Total indebtedness	<u>55,784,125</u>	<u>68,338,276</u>	<u>3,978,654</u>	<u>-</u>	<u>30,865,000</u>
Debt limitation in excess of indebtedness	<u>\$ 159,844,442</u>	<u>\$ 362,918,858</u>	<u>\$ 355,402,291</u>	<u>\$ 311,463,485</u>	<u>\$ 256,639,756</u>

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