

Annual Financial Report
of the
City of West Haven, Connecticut
For the Year Ended June 30, 2017

City of West Haven, Connecticut

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Introductory Section

City of West Haven, Connecticut

**Principal Officials
June 30, 2017**

Mayor

Edward M. O'Brien

City Council

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

Administration

Ann Marie Gradoia
Frank Gladwin
Deborah Collins
Kevin McNabola
Abdul Quadir
Dominic Perrotti
John Karajanis
Eric Murillo
Jack Crosby

Assessor
Building Official
City Clerk
Director of Finance
City Engineer
Public Works Director
Chief of Police
Tax Collector
Director- W.P.C.A.

Financial Section

Independent Auditors' Report

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 ("City"), as of and for the year ended June 30, 2017, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

**City Council
City of West Haven, Connecticut**

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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, as of June 30, 2017, and the respective changes in financial position, and, where applicable, the respective budgetary comparison for the general fund 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 pension and other post-employment benefit schedules on pages 5 to 13 and pages 71 to 86, respectively, 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 introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**City Council
City of West Haven, Connecticut**

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of the City'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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
June 5, 2018



Finance
Department

Office of the Finance Director

City of West Haven
355 Main Street
West Haven, Connecticut 06516
Telephone: 203-937-3510 ° Facsimile: 203-937-3705

Management's Discussion and Analysis For the Year Ended June 30, 2017

As management of the City of West Haven, Connecticut ("City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements immediately following this section.

Financial Highlights

- During the fiscal year, the City implemented GASB 74 and 75 related to other post-employment obligations (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2016 to record the net OPEB liability of \$206,745,486 and to remove the net OPEB obligation previously recorded of \$45,333,246. The current year OPEB expense was \$8,215,251 and the net OPEB liability at year end was \$189,787,825.
- ◆ The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$197,535,622 (*net position*). *Unrestricted net position* was a deficit balance of \$(312,365,310).
- ◆ The City's total net position increased by \$14,167,813. The increase is due to a positive operations of the sewer fund of \$1,480,725, net activity of capital assets of \$3,288,355 and long-term debt of \$4,846,595 due to difference in basis of accounting and positive results of risk management activity. This was offset by the negative operations of the general fund (\$1,402,610) and increase in pension and OPEB expenses of \$2,952,869 and \$455,642, respectively.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund deficits of \$16,608,416, an increase of \$3,167,968 in comparison with the prior year. The majority of the increase is due to the positive operations of the capital improvement fund \$2,602,404 and sewer fund \$1,480,725, respectively.
- ◆ At the end of the current fiscal year the general fund unassigned fund balance deficit was (\$18,138,674).
- ◆ The City's bonded debt and notes payable decreased by \$4,623,987 during the current fiscal year due to the permanent financing of \$9,635,000 of bond anticipation notes for capital improvements, offset by scheduled principal payments.

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. The statement of fiduciary net position is used to present financial information about activities for which the City acts solely as an agent for the benefit of employees and others.

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, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these accounts reported as net position. 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 reported in this statement are 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, highway department, sanitation and waste removal, human services, library, recreation and education.

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.

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, Allingtown Fire Department Fund, Capital Improvement Fund, and Sewer Fund, which are considered to be major funds. Data from the other 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 on Schedules 7 and 8.

The City adopts annual budgets for the General Fund and the Allingtown Fire Department Fund. A budgetary comparison statement has been provided for the for each fund to demonstrate compliance with these budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 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 progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, the liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$197,535,622.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is 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.

Government-Wide Financial Analysis

A portion of the City's net position (0.51%) represents resources that are subject to external restrictions on how they may be used.

**Summary Statement of Net Position
June 30, 2017 and 2016**

	<u>2017</u>	<u>2016 (as restated)</u>
Current and other assets	\$ 20,552,735	\$ 22,605,678
Capital assets (net)	<u>203,503,994</u>	<u>200,255,035</u>
Total assets	<u>224,056,729</u>	<u>222,860,713</u>
Deferred outflows of resources	<u>8,764,184</u>	<u>16,056,242</u>
Current liabilities outstanding	46,674,129	27,870,078
Long-term liabilities outstanding	<u>355,428,173</u>	<u>413,811,157</u>
Total liabilities	<u>402,102,302</u>	<u>441,681,235</u>
Deferred inflows of resources	<u>28,254,233</u>	<u>8,939,155</u>
Net position		
Net investment in capital assets	113,820,843	110,165,292
Restricted	1,008,845	1,450,430
Unrestricted	<u>(312,365,310)</u>	<u>(323,319,157)</u>
Total net position	<u>\$ (197,535,622)</u>	<u>\$ (211,703,435)</u>

Government-Wide Financial Analysis (continued)

**Statement of Changes in Net Position
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues		
Charges for services	\$ 16,133,084	\$ 18,806,853
Operating grants and contributions	78,204,022	69,612,238
Capital grants and contributions	4,397,033	6,670,007
General revenues:		
Property taxes	100,126,868	95,079,278
Grants and contributions not restricted to specific programs	8,192,236	7,553,442
Investment income	11,508	6,718
Gain on sale of capital assets	-	415,000
Miscellaneous	217,048	628,784
Total revenues	<u>207,281,799</u>	<u>198,772,320</u>
Expenses		
General government	9,351,824	7,774,273
Public safety	30,531,663	32,061,576
Public works	21,665,363	23,875,064
Health and welfare	3,694,157	2,549,216
Library and other	1,596,000	1,778,657
Parks and recreation	2,310,370	2,186,667
Education	120,668,671	122,678,656
Interest expense	3,295,938	4,719,812
Total expenses	<u>193,113,986</u>	<u>197,623,921</u>
Change in net position	14,167,813	1,148,399
Net position - July 1 (as restated)	(211,703,435)	(49,460,739)
Restated for OPEB liability	-	(161,412,240)
Other restatements	-	(1,978,855)
Net position - June 30	<u>\$ (197,535,622)</u>	<u>\$ (211,703,435)</u>

Property taxes comprise 48.3% of revenues, followed by grants and contributions 43.8%, charges for services 7.8% and investment earnings/miscellaneous 0.1%.

Government-Wide Financial Analysis (continued)

Significant revenue related changes are as follows:

- The increase in taxes of \$5,047,590 was due to the increase in the mil rate from 31.25 to 35.26.
- The increase of \$8,591,784 in operating grants and contributions is primarily due to increase in the on-behalf amount by \$7,055,408.
- The decrease of \$2,673,769 in charges for services is primarily due to decrease in sewer user fee revenues of \$2,463,125.

With respect to expenses, 62.5% of the City's expenses relates to education, followed by 15.8% to public safety, 11.2% to public works, 4.8% to general government, 1.9% to health and welfare, 1.7% to interest on long-term debt, 1.2% to parks and recreation, and 0.8% to library and other.

- The increases in general government expense and health and welfare expense and decreases in public safety, public works, and education are primarily due to changes in pension and OPEB benefits.
- The \$1,423,874 decrease in interest expense was due to no new bonds being issued during the fiscal year scheduled debt service payments.

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 expendable 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.

The City reports fund balance in 3 categories. The following are the categories and definitions:

- Restricted fund balance - limitations imposed by external parties, grantors or by legislation.
- Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.
- Unassigned fund balance - amounts available for any purpose.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund deficits of (\$16,608,416), an increase of \$3,167,968 in comparison with the prior year. (\$19,005,134) of this total amount constitutes unassigned fund balance.

The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending due to the following:

- Restricted due to grant restrictions or legal requirements \$1,008,845.
- Committed for capital projects \$1,387,873.

General Fund. The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund had a deficit of (\$18,138,674), which comprises the total fund balance reached.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$1,402,610. The decrease was substantially attributable to intergovernmental revenues being lower than the amount budgeted by \$2,712,192, primarily due to the City budgeting the Special Education Grant as revenue; however, the revenue was credited directly to the Board of Education. Charges for services were lower than expected by \$807,071, offset by the expenditure budget being underspent by a total of \$1,115,309.

The most significant functions that were underspent were general government by \$748,868, public safety by \$824,174 and education by \$1,233,342, after \$2,007,722 of Special Education Grant proceeds were reclassified from revenue. General government and public safety were underspent due to open positions and police officers on worker compensation.

These items were offset by the City overspending benefits and insurance by \$1,558,470 due to increase medical claims.

Allingtown Fire Department. The Allingtown Fire Department Fund accounts for the activities of the Allingtown Fire Department. The activities of the Fire Department are required to be accounted for separately since the City has 2 other Fire Departments that are legally separate taxing districts. At the end of the current fiscal year, unassigned fund balance of the fund was a deficit of (\$658,268). This was the result of positive operations of \$29,917, which shows improvement over the historical performance of the fund.

Capital Improvement. The fund accounts for financial resources to be used for various construction projects. During the year, the fund had expenditures of \$9,696,855. Funding sources include state grants for school improvements and other City projects of \$2,644,803 and a debt issuance totaling \$9,635,000. This decreased the fund deficit of (\$1,586,979) in the prior year to fund balance of 1,015,425.

Sewer. The fund accounts for the City's sewer usage operations. During the year, revenues exceeded expenditures and transfers in by \$1,480,725. This decreased the fund deficit of (\$1,556,716) in the prior year to fund deficit of (\$75,991).

General Fund Budgetary Highlights

There were no significant budget transfers made during the year. Significant departments that were underspent/overspent during the year were as follows:

- General government was underspent by \$748,868 due to underspending of several department salary amounts due to unfilled positions and the unexpended balance of the contingency line.
- Public safety was underspent by \$824,174 due to under expenditure of officer salaries due to unfilled positions and several officers being out under workers' compensation.
- The Board of Education budget was underspent by \$1,233,342, due to controlled spending to contribute to the City's efforts to manage the deficit.
- Pension and hospitalizations was overspent by \$1,611,488 due to an increase in medical claims.

Allingtown Fire Department Budgetary Highlights

Significant budget transfers made during the year were as follows:

- Transfer from education reimbursement of \$92,000 to regular wages \$40,000 and overtime \$52,000.
- Transfer of \$150,000 from regular wages to overtime to cover additional hours of worked.

Significant departments that were underspent/overspent during the year were as follows:

- Personnel was overspent by \$255,680 due to an increase in medical claims.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets amounts to \$203,503,994 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets (Net of Accumulated Depreciation)		
	2017	2016
Land	\$ 16,356,092	\$ 16,356,092
Construction in progress	11,583,678	14,234,834
Land Improvements	8,332,161	8,768,412
Buildings and improvements	103,018,340	105,451,107
Vehicles	4,772,614	2,592,999
Machinery and equipment	9,233,619	9,485,116
Infrastructure	50,207,490	43,366,475
Total	\$ 203,503,994	\$ 200,255,035

The capital assets (net of depreciation) increased in the current year by \$3,248,959. The increase is due to capital additions exceeding depreciation expense. In the current year, the City had capital asset additions totaling \$18,662,947. Major capital asset additions consisted of the following:

- Purchase of \$502,615 in new police interceptors.
- Purchase of \$1,995,270 in all season plow trucks.
- Various road improvements of \$1,582,587.
- Campbell Avenue revitalization road improvement of totaling \$6,574,018.
- Construction in progress totaling \$6,503,938 relating to various capital improvement projects, including school projects.

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

Long-term debt

At the end of the fiscal year, the City had total long-term debt outstanding of \$115,291,625. All debt is backed by the full faith and credit of the City.

**Outstanding Debt
Long-Term Obligations**

	2017	2016
General obligation bonds	\$ 53,230,000	\$ 60,630,000
Pension obligation bonds	26,270,000	30,865,000
Clean water notes payable	26,156,625	28,420,612
Bond anticipation notes - permanently financed	9,635,000	-
Total	\$ 115,291,625	\$ 119,915,612

During the current fiscal year, the City's total debt decreased by a net \$4,623,597. The net change was due to the permanent financing of a bond anticipation note of \$9,635,000 for various water and sewer projects offset by scheduled principal payments on outstanding bonded debt of \$11,995,000.

The City maintains a “BBB” credit rating from Standard and Poors Investor Service.

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 \$823,913,923, 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 III F.

Economic Factors and Next Year's Budgets and Rates

As of June 2017, the unemployment rate for the City was at 6.1% which is higher than the State average unemployment rate of 5.90% and a national unemployment rate of 4.40%.

In addition, in November 2017, the City issued \$16,135,000 of deficit funding bonds to fund the general fund deficit that existed at June 30, 2016.

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.

Basic Financial Statements

City of West Haven, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

Assets

Current assets	
Cash	\$ 10,798,513
Investments	323,410
Receivables, net	
Property taxes	1,661,024
Sewer use	371,176
Intergovernmental	1,362,872
Loans	115,943
Other	560,881
Other	152,234
Total current assets	<u>15,346,053</u>
Noncurrent assets	
Receivables, net	
Property taxes	2,496,604
Sewer use	926,312
Loans	1,705,444
Other	78,322
Total receivables, net	<u>5,206,682</u>
Capital assets, net of accumulated depreciation	
Land	16,356,092
Construction in progress	11,583,678
Land improvements	8,332,161
Buildings and improvements	103,018,340
Vehicles	4,772,614
Machinery and equipment	9,233,619
Infrastructure	50,207,490
Total capital assets, net of accumulated depreciation	<u>203,503,994</u>
Total noncurrent assets	<u>208,710,676</u>
Total assets	<u>224,056,729</u>

Deferred Outflows of Resources

Deferred charge on refunding	1,363,302
Pension related	7,400,882
Total Deferred Outflows of Resources	<u>8,764,184</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

Liabilities

Current liabilities	
Accounts payable	\$ 14,960,362
Accrued payroll	7,941,045
Accrued interest payable	1,251,057
Unearned revenue	74,611
Other liabilities	554,231
Current portion of long-term obligations	
Bonds payable	12,515,000
Notes payable	2,110,393
Capital leases payable	74,290
Compensated absences	2,182,172
Risk management	5,010,968
	<hr/>
Total current liabilities	46,674,129
Noncurrent liabilities	
Bonds payable and related liabilities	78,415,429
Notes payable	24,046,232
Capital leases payable	155,109
Compensated absences	8,728,689
Other legal claims	392,000
Risk management	9,384,094
Net pension liability	44,518,795
OPEB liability	189,787,825
	<hr/>
Total noncurrent liabilities	355,428,173
	<hr/>
Total liabilities	402,102,302

Deferred Inflows of Resources

Pension related	4,053,977
OPEB related	17,413,303
Advance collections	6,786,953
	<hr/>
Total deferred inflows of resources	28,254,233

Net Position

Net investment in capital assets	113,820,843
Restricted for	
General government	41,176
Public works	850
Health and welfare	530,702
Parks and recreation	138,581
Education	297,536
Unrestricted	(312,365,310)
	<hr/>
Total net position	\$ (197,535,622)

(Concluded)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Statement of Activities
 Governmental Activities
 For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 9,351,824	\$ 2,018,005	\$ 422,652	\$ -	\$ (6,911,167)
Public safety	30,531,663	2,723,298	1,063,344	-	(26,745,021)
Public works	21,665,363	9,489,397	238,969	4,397,033	(7,539,964)
Humans resources and health and welfare	3,694,157	191,118	2,132,961	-	(1,370,078)
Library and other	1,596,000	-	-	-	(1,596,000)
Parks and recreation	2,310,370	914,321	287,782	-	(1,108,267)
Education	120,668,671	796,945	74,058,314	-	(45,813,412)
Interest expense	3,295,938	-	-	-	(3,295,938)
Total	\$ 193,113,986	\$ 16,133,084	\$ 78,204,022	\$ 4,397,033	(94,379,847)
General revenues					
Property taxes					100,126,868
Grants and contributions not restricted to specific programs					8,192,236
Investment income					11,508
Miscellaneous					217,048
Total general revenues					108,547,660
Change in net position					14,167,813
Net position - July 1, 2016 (as restated)					(211,703,435)
Net position - June 30, 2017					<u>\$ (197,535,622)</u>

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Allingtown Fire Department Fund	Capital Improvement Fund	Sewer Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 8,942,341	\$ 49,948	\$ -	\$ 1,119,634	\$ 686,590	\$ 10,798,513
Investments	323,410	-	-	-	-	323,410
Receivables, net						
Property taxes	3,846,842	310,786	-	-	-	4,157,628
Sewer use	-	-	-	1,297,488	-	1,297,488
Intergovernmental	-	-	462,235	-	900,637	1,362,872
Loans	-	-	-	-	1,821,387	1,821,387
Other	313,812	3,420	297	80	321,594	639,203
Due from other funds	745,236	-	3,581,673	-	1,913,032	6,239,941
Other	39	-	-	149,832	2,363	152,234
Total assets	<u>\$ 14,171,680</u>	<u>\$ 364,154</u>	<u>\$ 4,044,205</u>	<u>\$ 2,567,034</u>	<u>\$ 5,645,603</u>	<u>\$ 26,792,676</u>
<u>Liabilities</u>						
Accounts payable	\$ 9,275,601	\$ 225,656	\$ 3,028,096	\$ 644,887	\$ 1,786,122	\$ 14,960,362
Accrued payroll	7,941,045	-	-	-	-	7,941,045
Due to other funds	5,494,705	136	-	-	745,100	6,239,941
Unearned revenue	33,861	-	684	40,066	-	74,611
Other liabilities	489,697	64,534	-	-	-	554,231
Total liabilities	<u>23,234,909</u>	<u>290,326</u>	<u>3,028,780</u>	<u>684,953</u>	<u>2,531,222</u>	<u>29,770,190</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue						
Property taxes	3,417,195	282,450	-	-	-	3,699,645
Loans	-	-	-	-	1,821,387	1,821,387
Charges for services	10,965	-	-	-	43,902	54,867
Sewer assessments	-	-	-	1,268,050	-	1,268,050
Advance collections	5,647,285	449,646	-	690,022	-	6,786,953
Total deferred inflows of resources	<u>9,075,445</u>	<u>732,096</u>	<u>-</u>	<u>1,958,072</u>	<u>1,865,289</u>	<u>13,630,902</u>
<u>Fund Balances</u>						
Restricted	-	-	-	-	1,008,845	1,008,845
Committed	-	-	1,015,425	-	372,448	1,387,873
Unassigned	(18,138,674)	(658,268)	-	(75,991)	(132,201)	(19,005,134)
Total fund balances	<u>(18,138,674)</u>	<u>(658,268)</u>	<u>1,015,425</u>	<u>(75,991)</u>	<u>1,249,092</u>	<u>(16,608,416)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,171,680</u>	<u>\$ 364,154</u>	<u>\$ 4,044,205</u>	<u>\$ 2,567,034</u>	<u>\$ 5,645,603</u>	<u>\$ 26,792,676</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1)	\$ (16,608,416)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	200,255,035
Current year additions (net of construction in progress)	9,507,853
Depreciation expense	(6,219,498)
Disposal of assets	(39,396)

Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:

Deferred charge on refunding	1,363,302
Pensions related deferred outflows	7,400,882

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

Property tax, loans, charges for services, and sewer assessments receivable accrual basis change	6,843,949
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Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(115,291,625)
Premium	(1,795,429)
Capital leases	(229,399)
Compensated absences	(10,910,861)
Other legal claims	(392,000)
Risk management	(14,395,062)
Net pension liability	(44,518,795)
OPEB liability	(189,787,825)
Pension related deferred inflows	(4,053,977)
OPEB related deferred inflows	(17,413,303)
Accrued interest payable	(1,251,057)

Net position of governmental activities	<u>\$ (197,535,622)</u>
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(Concluded)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	General Fund	Allingtown Fire Department Fund	Capital Improvement Fund	Sewer Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 94,300,417	\$ 5,295,077	\$ -	\$ -	\$ 238,326	\$ 99,833,820
Intergovernmental	70,810,696	918,904	2,644,903	238,969	15,641,523	90,254,995
Charges for services	3,586,549	67,663	19,356	11,828,230	3,233,163	18,734,961
Contributions	-	100,000	-	-	13,144	113,144
Income from investments	7,199	-	-	-	4,309	11,508
Contributions and miscellaneous	621,455	18,245	-	-	2,500	642,200
Total revenues	169,326,316	6,399,889	2,664,259	12,067,199	19,132,965	209,590,628
Expenditures						
Current						
General government	5,582,281	-	5,000	-	497,776	6,085,057
Public safety	15,037,051	6,289,029	-	-	1,182,483	22,508,563
Public works	10,741,857	-	9,872	6,936,477	10,000	17,698,206
Benefits and insurance	16,281,933	-	-	-	-	16,281,933
Human resources and health and welfare	1,162,719	-	-	-	1,474,097	2,636,816
Library	1,596,000	-	-	-	-	1,596,000
Parks and recreation	869,743	-	-	-	944,376	1,814,119
Education	104,146,866	-	-	-	13,431,266	117,578,132
Capital outlay	-	-	9,625,483	470,924	1,404,437	11,500,844
Debt service	16,731,010	80,943	56,500	1,797,987	-	18,666,440
Total expenditures	172,149,460	6,369,972	9,696,855	9,205,388	18,944,435	216,366,110
Excess (deficiency) of revenues over expenditures	(2,823,144)	29,917	(7,032,596)	2,861,811	188,530	(6,775,482)
Other financing sources (uses)						
Issuance of debt	-	-	9,635,000	-	-	9,635,000
Sale of capital assets	308,450	-	-	-	-	308,450
Transfers in	1,796,865	-	-	-	684,781	2,481,646
Transfers out	(684,781)	-	-	(1,381,086)	(415,779)	(2,481,646)
Net other financing sources (uses)	1,420,534	-	9,635,000	(1,381,086)	269,002	9,943,450
Net change in fund balances	(1,402,610)	29,917	2,602,404	1,480,725	457,532	3,167,968
Fund balances - July 1, 2016, (as restated)	(16,736,064)	(688,185)	(1,586,979)	(1,556,716)	791,560	(19,776,384)
Fund balances - June 30, 2017	\$ (18,138,674)	\$ (658,268)	\$ 1,015,425	\$ (75,991)	\$ 1,249,092	\$ (16,608,416)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 3,167,968</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 capital outlays exceeded depreciation in the current period:

Capital outlay	9,507,853
Depreciation expense	<u>(6,219,498)</u>
Total	<u>3,288,355</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Disposal of capital assets	<u>(39,396)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property tax, loans, charges for services and sewer assessments - accrual basis change	(2,308,829)
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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	(9,635,000)
Principal repayments	
General obligation bonds	11,995,000
Notes payable	2,263,987
Capital lease	<u>222,608</u>
Total	<u>4,846,595</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2017

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:

Risk management	\$ 9,764,643
Heart and hypertension	10,504
Compensated absences	(2,042,423)
Pension expense	(2,952,869)
OPEB expense	(455,642)
Accrued interest payable	733,910
Amortization of deferred charges	(293,860)
Amortization of bond premium	448,857
	<hr/>
Total	5,213,120
	<hr/>
Change in net position (Exhibit B)	\$ 14,167,813
	<hr/> <hr/>
	(Concluded)

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ 93,818,902	\$ 93,818,902	\$ 94,300,417	\$ 481,515
Intergovernmental	57,154,480	57,154,480	54,442,288	(2,712,192)
Charges for services	4,393,620	4,393,620	3,586,549	(807,071)
Income from investments	5,000	5,000	7,199	2,199
Contributions and miscellaneous	611,127	611,127	621,455	10,328
Total revenues	<u>155,983,129</u>	<u>155,983,129</u>	<u>152,957,908</u>	<u>(3,025,221)</u>
Expenditures				
Current				
General government	6,401,149	6,331,149	5,582,281	748,868
Public safety	15,861,225	15,861,225	15,037,051	824,174
Public works	10,623,397	10,623,397	10,741,857	(118,460)
Benefits and insurance	14,723,463	14,723,463	16,281,933	(1,558,470)
Human resources and health and welfare	1,173,219	1,173,219	1,162,719	10,500
Education	89,011,800	89,011,800	87,778,458	1,233,342
Parks and recreation	937,221	937,221	869,743	67,478
Library	1,596,000	1,596,000	1,596,000	-
Debt service	16,638,887	16,638,887	16,731,010	(92,123)
Total expenditures	<u>156,966,361</u>	<u>156,896,361</u>	<u>155,781,052</u>	<u>1,115,309</u>
Excess (deficiency) of revenues over expenditures	<u>(983,232)</u>	<u>(913,232)</u>	<u>(2,823,144)</u>	<u>(1,909,912)</u>
Other financing sources (uses)				
Sale of capital assets	-	-	308,450	308,450
Transfers in	1,598,013	1,598,013	1,796,865	198,852
Transfers out	(614,781)	(684,781)	(684,781)	-
Net other financing sources (uses)	<u>983,232</u>	<u>913,232</u>	<u>1,420,534</u>	<u>507,302</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,402,610)</u>	<u>\$ (1,402,610)</u>
Fund balance - July 1, 2016			<u>(16,736,064)</u>	
Fund balance - June 30, 2017			<u>\$ (18,138,674)</u>	

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Allingtown Fire Department Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ 5,283,751	\$ 5,283,751	\$ 5,295,077	\$ 11,326
Intergovernmental	878,821	878,821	918,904	40,083
Charges for services	120,650	120,650	67,663	(52,987)
Contributions and local grants	100,000	100,000	100,000	-
Miscellaneous	7,000	7,000	18,245	11,245
Total revenues	<u>6,390,222</u>	<u>6,390,222</u>	<u>6,399,889</u>	<u>9,667</u>
Expenditures				
Current				
Personnel	5,327,914	5,327,914	5,583,594	(255,680)
Maintenance	116,290	116,290	89,495	26,795
Administration	61,500	61,500	45,688	15,812
Utilities, insurance, and equipment	762,518	762,518	570,252	192,266
Debt service	82,000	82,000	80,943	1,057
Total expenditures	<u>6,350,222</u>	<u>6,350,222</u>	<u>6,369,972</u>	<u>(19,750)</u>
Excess (deficiency) of revenues over expenditures	40,000	40,000	29,917	(10,083)
Other financing sources (uses)				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	29,917	<u>\$ 29,917</u>
Fund balance - July 1, 2016			<u>(688,185)</u>	
Fund balance - June 30, 2017			<u>\$ (658,268)</u>	

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust Funds	Private- Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 72,785	\$ 282,007
Investments at fair value			
Mutual funds			
Money market	1,692,986	-	-
Equity	48,406,203	-	-
Real estate investment trust	60,227	-	-
Common stock	25,535,137	-	-
Exchange traded funds	7,395,187	-	-
Corporate bonds	15,374,126	-	-
U.S. government securities	1,482,424	-	-
Real estate funds	254,424	-	-
Private equity funds	17,643,661	-	-
Annuities	4,262,716	-	-
	<u>122,107,091</u>	<u>-</u>	<u>-</u>
Total investments	122,107,091	-	-
Interest and dividends receivable	175,271	-	-
	<u>175,271</u>	<u>-</u>	<u>-</u>
Total assets	<u>122,282,362</u>	<u>72,785</u>	<u>282,007</u>
<u>Liability</u>			
Accounts payable	-	-	282,007
	<u>-</u>	<u>-</u>	<u>282,007</u>
<u>Net Position</u>			
Restricted for pension and other purposes	<u>\$ 122,282,362</u>	<u>\$ 72,785</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>
Additions		
Contributions		
Employer	\$ 3,541,815	\$ -
Plan members	<u>725,786</u>	<u>-</u>
Total contributions	<u>4,267,601</u>	<u>-</u>
Investment income (loss)		
Change in fair value of investments	10,364,761	-
Other income	147,874	-
Interest and dividends	<u>1,851,257</u>	<u>549</u>
Total investment income (loss)	12,363,892	549
Less investment expenses	<u>348,344</u>	<u>-</u>
Net investment income (loss)	<u>12,015,548</u>	<u>-</u>
Total additions	<u>16,283,149</u>	<u>549</u>
Deductions		
Benefits	8,679,460	-
Administration	32,674	-
Scholarships	<u>-</u>	<u>400</u>
Total deductions	<u>8,712,134</u>	<u>400</u>
Changes in net position	7,571,015	149
Net position - July 1, 2016	<u>114,711,347</u>	<u>72,636</u>
Net position - June 30, 2017	<u><u>\$122,282,362</u></u>	<u><u>\$ 72,785</u></u>

The notes to the financial statements are an integral part of this statement.

City of West Haven, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

History and organization

The City of West Haven, Connecticut (“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 department has a separate tax rate and the City has two other fire departments with separate tax rates that are not part of the City, State statutes require that all costs related to the fire department be charged to the Allingtown Fire Department fund and that City funds cannot be used to support the department’s operations.

I. Summary of significant accounting policies

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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.

B. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

The City reports the following major governmental funds:

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

The *Allingtown Fire Department Fund* is used to account for all the financial resources and expenditures of the Allingtown Fire Department. The types of revenues recorded in this fund are taxes, grants, and charges for services.

The *Capital Improvement 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.

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.

Additionally, the City reports the following fund types:

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

The Capital Project Funds are 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.

The *Pension Trust Funds* account for the activities of the Police Retirement Plan and Allingtown Fire Department Retirement Plan, which accumulate resources for pension benefit payments to qualified employees.

The *Private-Purpose Trust Fund* accounts for the receipt of private donations to be used for student awards.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Agency Funds account for monies held on behalf of student groups.

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

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

Pension plans - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the City of West Haven Police and Allingtown Fire Department retirement plans ("police and fire department plans") and the Connecticut State Teachers' Retirement System ("TRS") have been determined on the same basis as they are reported by the police and fire department plans and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Deposits and investments**

Deposits - The City's cash and cash equivalents consists of 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 - 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.

The City's pension funds have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines and diversification guidelines and fixed income and cash equivalent guidelines.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)

The investment guidelines are as follows:

<u>Asset Class</u>	<u>City</u>	<u>Allingtown Fire Department</u>
Equities	52.50%	28.30%
Fixed income	20.00%	65.65%
Cash equivalents	3.50%	2.13%
REITS	5.00%	3.92%
Private equity	10.00%	-
Hedge funds	9.00%	-

Method used to value investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments for the City are reported at fair value except as described below.

The Police Pension and Alingtown Fire Department 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.

2. Receivables and payables

a. 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).

b. Property taxes and other receivables

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 50% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property taxes receivables which have not been collected within 60 days of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

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

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)

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. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicles taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City 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.

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.

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

<u>Assets</u>	<u>City</u> <u>Years</u>	<u>Allington Fire</u> <u>Department</u> <u>Years</u>
Land improvements	40	
Buildings	50-75	39
Building improvements	40	15-20
Vehicles	5-25	5-10
Machinery and equipment	7-50	5-10
Infrastructure	25-100	10-39

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)****4. Compensated absences**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

5. 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, are reported as debt service expenditures.

6. 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred charge on refunding and the deferred outflows related to pensions and OPEB in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows for pension and OPEB (as applicable), are for the differences between expected and actual experience, changes in assumptions, changes in proportional share of employer and the net difference between projected and actual earnings on plan investments. The deferred outflows related to contributions will be recognized in the following year. Deferred outflows for differences between expected and actual experience, changes in assumptions and changes in proportional share of employer will be amortized over the average remaining service life of all plan members. The net difference between projected and actual earnings on plan investments is amortized over a 5 year period.

City of West Haven, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance collections and deferred inflows related to pensions and OPEB in this category.

For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from several sources: property taxes, loans, charges for services, and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Fund equity and net position

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

Net Investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the City which is not restricted.

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

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)**Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through ordinances or 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 fund that has a fund balance deficit.

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 - net position to have been depleted before unrestricted - net position is applied.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

II. Stewardship, compliance and accountability

A. Budgets and budgetary accounting

The City adheres to the following procedures in establishing the budgetary data included in the General Fund and Allingtown Fire Department 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 Department.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the City, is authorized under State law to make any transfers required within their budget at their discretion.
- Generally, aside from the Capital Improvement Fund, all unencumbered appropriations lapse at year end. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.
- The City Council can approve additional appropriations on recommendation of the Mayor and certification from the Director of Finance that there is available general fund cash balance. There were no additional appropriations made during the year.

B. Budget - GAAP reconciliation

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, Exhibit F	\$ 152,957,908	\$ 155,781,052
State contribution to teachers' retirement system	<u>16,368,408</u>	<u>16,368,408</u>
Balance, GAAP Basis, Exhibit D	<u>\$ 169,326,316</u>	<u>\$ 172,149,460</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Excess expenditures over appropriations

During the year, general fund expenditures exceeded appropriations in the following departments:

General Government	
Corporate counsel	\$ 10,152
Town and City Clerk	4,971
Registrar of voters	18,763
Planning & development	3,314
Grants administration	78
Public Safety	
Public safety support	21,454
Public Works	
Bureau of engineering	2,025
Compost site	17,766
Disposal of solid waste	46,412
Highways & park maintenance	248,852
Benefits and insurance	
Pensions & hospitalizations	1,611,488
Human Resources	
Department of elderly services	1,484
Health department	721
Debt Service	92,123

D. Capital projects authorizations

The following is a summary of certain capital projects:

Project	Project Authorization	Cumulative Expenditures	Balance
WHHS expansion and renovation	\$ 133,250,000	\$ 5,773,227	\$ 127,476,773

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

III. Detailed notes

A. Cash 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. At year end, \$9,122,334 of the City's bank balance of \$10,283,441 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,642,123
Uninsured and collateral held by pledging bank's trust department not in the City's name	<u>2,480,211</u>
Total amount subject to custodial credit risk	<u>\$ 9,122,334</u>

Financial instruments that potentially subject the City to significant concentrations of credit risk consist primarily of cash. From time to time, the City's cash account balances exceeded the Federal Deposit Insurance Corporation limit. The City reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Investments - The City's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Investment Maturities in Years</u>			
			<u>Less than One Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>Over 10 Years</u>
Mutual Funds						
Money market	\$ 1,692,986	\$ -	\$ 1,692,986	\$ -	\$ -	\$ -
Equity	48,406,203	48,406,203	-	-	-	-
Real estate investment trust	60,227	60,227	-	-	-	-
Common stock	25,535,137	25,535,137	-	-	-	-
Exchange traded funds	7,395,187	7,395,187	-	-	-	-
Corporate bonds	15,374,126	-	249,383	1,386,628	13,355,268	382,847
U.S. government obligations	1,482,424	-	-	1,132,195	350,229	-
Real estate funds	254,424	254,424	-	-	-	-
Private equity funds	17,643,661	17,643,661	-	-	-	-
Pooled fixed income	323,410	-	323,410	-	-	-
Annuities	4,262,716	-	-	-	1,352,302	2,910,414
Totals	<u>\$122,430,501</u>	<u>\$99,294,839</u>	<u>\$ 2,265,779</u>	<u>\$2,518,823</u>	<u>\$15,057,799</u>	<u>\$3,293,261</u>

Fair value of investments

The City measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and investments (continued)

The City had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>Investments by Fair Value Level</u>				
Mutual Funds				
Money market	\$ 1,692,986	\$ 1,692,986	\$ -	\$ -
Equity	48,406,203	48,406,203	-	-
Real estate investment trust	60,227	60,227	-	-
Common stock	25,535,137	25,535,137	-	-
Exchange traded funds	7,395,187	7,395,187	-	-
Corporate bonds	15,374,126	-	15,374,126	-
U.S. government obligations	1,482,424	-	1,482,424	-
Annuities	4,262,716	-	-	4,262,716
	<u>104,209,006</u>	<u>\$ 83,089,740</u>	<u>\$ 16,856,550</u>	<u>\$ 4,262,716</u>
<u>Investments Measured at the Net Asset Value (NAV)</u>				
Real estate funds	254,424			
Private equity funds	17,643,661			
	<u>17,898,085</u>			
<u>Other Investments not Subject to Fair Value Measurement</u>				
Pooled fixed income	323,410			
	<u>\$ 122,430,501</u>			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Securities classified in Level 2 are valued using quoted prices for identical securities in the markets that are not active.

Securities classified in Level 3 are valued based upon the present value and credit quality of the annuity.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and investments (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 represents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the City’s alternative investments measured at NAV:

Investments measured at NAV

Investment Description		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate funds	1	\$ 254,424	\$ -	Quarterly	90 days
Private equity funds	2	<u>17,643,661</u>	<u>323,649</u>	Quarterly	90 days
Total Investments Measured at the NAV		<u>\$ 17,898,085</u>	<u>\$ 323,649</u>		

1. Real estate funds - This type includes 2 real estate funds that invest primarily in U.S. commercial real estate. The funds permit redemptions quarterly with 90 days notice. Distributions from the fund will be received as the underlying investments of the funds are liquidated. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan’s ownership interest in partners’ capital.
2. Private equity funds - This type includes limited partnership funds. These investments have various redemption frequencies and notice periods. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund capital. 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 partner’s 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.

Interest rate risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The City has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Foreign currency risk - The City does not have a formal policy with respect the foreign currency risk. Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and investments (continued)

The City's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Ratings	Money Market	Corporate Bonds	U.S. Government Obligations	Pooled Fixed Income	Annuities
AAA	\$ -	\$ 154,511	\$ 1,482,424	\$ 323,410	\$ -
AA	-	1,459,633	-	-	1,532,838
A	-	4,559,483	-	-	1,413,516
BBB	-	6,302,964	-	-	-
BB	-	1,446,893	-	-	247,446
B	-	1,446,892	-	-	1,068,916
Unrated	<u>1,692,986</u>	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,692,986</u>	<u>\$ 15,374,126</u>	<u>\$ 1,482,424</u>	<u>\$ 323,410</u>	<u>\$ 4,262,716</u>

Custodial credit risk - The City does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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, debentures, certificates of deposit and money funds.

The following City investments are held by the counterparty's trust department or agent but not in the City's name and, therefore, are subject to custodial credit risk.

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
Common stock	\$ 25,535,137	\$ 694,776	\$ 24,840,361
Corporate bonds	15,374,126	3,750	15,370,376
U.S. government obligations	<u>1,482,424</u>	<u>-</u>	<u>1,482,424</u>
Totals	<u>\$ 42,391,687</u>	<u>\$ 698,526</u>	<u>\$ 41,693,161</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	<u>City Property Taxes</u>			
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	
Current portion	<u>\$ 869,161</u>	<u>\$ 718,498</u>	<u>\$1,587,659</u>	
Long-term portion	\$2,909,799	\$1,599,384	\$4,509,183	
Less allowance for uncollectibles	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>(2,250,000)</u>	
Net long-term portion	<u>\$1,784,799</u>	<u>\$ 474,384</u>	<u>\$2,259,183</u>	
Totals	<u>\$2,653,960</u>	<u>\$1,192,882</u>	<u>\$3,846,842</u>	
	<u>Allingtown Property Taxes</u>			
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	
Current portion	<u>\$ 66,129</u>	<u>\$ 7,237</u>	<u>\$ 73,366</u>	
Long-term portion	\$ 248,771	\$ 193,649	\$ 442,420	
Less allowance for uncollectibles	<u>(120,000)</u>	<u>(85,000)</u>	<u>(205,000)</u>	
Net long-term portion	<u>\$ 128,771</u>	<u>\$ 108,649</u>	<u>\$ 237,420</u>	
Totals	<u>\$194,900</u>	<u>\$115,886</u>	<u>\$310,786</u>	
	<u>Sewer Use</u>			
	<u>Use</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	<u>CDBG Loans</u>
Current portion	<u>\$ 317,553</u>	<u>\$ 53,623</u>	<u>\$ 371,176</u>	<u>\$ 115,943</u>
Long-term portion	\$ 661,965	\$ 379,347	\$1,041,312	\$1,855,444
Less allowance for uncollectibles	<u>(79,750)</u>	<u>(35,250)</u>	<u>(115,000)</u>	<u>(150,000)</u>
Net long-term portion	<u>\$ 582,215</u>	<u>\$ 344,097</u>	<u>\$ 926,312</u>	<u>\$1,705,444</u>
Totals	<u>\$899,768</u>	<u>\$397,720</u>	<u>\$1,297,488</u>	<u>\$1,821,387</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
City				
Capital Assets, not being depreciated:				
Land	\$ 16,319,189	\$ -	\$ -	\$ 16,319,189
Construction in progress	14,234,834	6,503,938	9,155,094	11,583,678
Total capital assets, not being depreciated	30,554,023	6,503,938	9,155,094	27,902,867
Capital Assets, being depreciated:				
Land improvements	15,969,448	-	-	15,969,448
Buildings and improvements	194,712,191	932,190	-	195,644,381
Machinery and equipment	26,356,598	554,755	-	26,911,353
Vehicles	6,962,086	2,515,459	82,695	9,394,850
Infrastructure	86,865,006	8,156,605	-	95,021,611
Total capital assets, being depreciated	330,865,329	12,159,009	82,695	342,941,643
Less accumulated depreciation for:				
Land improvements	7,201,036	436,251	-	7,637,287
Buildings and improvements	89,692,640	3,343,223	-	93,035,863
Machinery and equipment	16,893,709	800,786	-	17,694,495
Vehicles	5,482,671	176,026	43,299	5,615,398
Infrastructure	43,616,158	1,304,170	-	44,920,328
Total accumulated depreciation	162,886,214	6,060,456	43,299	168,903,371
Total Capital Assets, being depreciated, net	167,979,115	6,098,553	39,396	174,038,272
Capital Assets, net	\$ 198,533,138	\$ 12,602,491	\$ 9,194,490	\$ 201,941,139

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

General government	\$ 1,376,719
Public safety	703,204
Public works	1,808,154
Health and welfare	283,132
Parks and recreation	181,679
Education	1,707,568
Total depreciation expense	<u>\$ 6,060,456</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Capital assets (continued)

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Allingtown Fire Department:				
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	2,282,277	-	-	2,282,277
Infrastructure - hydrants	367,097	-	-	367,097
Fire equipment	949,078	-	-	949,078
Total capital assets, being depreciated	4,441,655	-	-	4,441,655
Less accumulated depreciation for:				
Buildings and improvements	270,898	21,734	-	292,632
Machinery and equipment	122,522	1,466	-	123,988
Fire trucks and vehicles	1,168,693	120,422	-	1,289,115
Infrastructure - hydrants	249,470	11,420	-	260,890
Fire equipment	945,078	4,000	-	949,078
Total accumulated depreciation	2,756,661	159,042	-	2,915,703
Total Capital Assets, being depreciated, net	1,684,994	(159,042)	-	1,525,952
Capital Assets, net	\$ 1,721,897	\$ (159,042)	\$ -	\$ 1,562,855

Depreciation expense was charged to the public safety function.

Construction commitments

The City has the following construction commitments:

Carrigan Intermediate School	\$ 1,181,300
West Haven High School expansion and renovation	<u>8,951,595</u>
Total	<u>\$ 10,132,895</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General Fund			
Allingtown Fire Department Fund	N/A	\$ 136	\$ -
Capital Improvements Fund	N/A	-	3,581,673
Special Revenue Funds	N/A	745,023	1,671,298
Capital Projects Funds	N/A	77	241,734
Total General Fund		745,236	5,494,705
Allingtown Fire Department Fund			
General Fund	N/A	-	136
Capital Improvement Fund			
General Fund	N/A	3,581,673	-
Other Governmental Funds			
Special Revenue Funds			
Community Development Block Grant	General Fund	-	86,396
Document Preservation	General Fund	55,748	-
Education Grant	General Fund	478,216	-
Miscellaneous Grants	General Fund	12,619	132,738
Public Safety	General Fund	167,147	266,662
Health and Welfare	General Fund	141,330	78,655
Savin Rock	General Fund	178,214	26,833
School Lunch Program	General Fund	327,736	-
Sports Facilities	General Fund	39,946	-
Career and Adult Education	General Fund	270,342	153,739
Capital Project Funds			
Brownfields	General Fund	9,690	-
Capital and Nonrecurring	General Fund	232,044	77
Total Other Governmental Funds		1,913,032	745,100
Total		\$ 6,239,941	\$ 6,239,941

All interfund balances resulted from the time lag between the dates payments occurred between funds for various activities.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Interfund accounts (continued)

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	Corresponding Fund	Transfers In	Transfers Out
General Fund			
Sewer Fund	N/A	\$ 1,381,086	\$ -
Special Revenue Funds	N/A	415,779	654,781
Capital Projects Funds	N/A	-	30,000
Total General Fund		<u>1,796,865</u>	<u>684,781</u>
Sewer Fund	General Fund	-	<u>1,381,086</u>
Other Governmental Funds			
Special Revenue Funds			
Public Safety	General Fund	40,000	415,779
School Lunch Program	General Fund	404,205	-
Sports Facilities	General Fund	210,576	-
Capital Project Funds			
Capital and Nonrecurring	General Fund	<u>30,000</u>	<u>-</u>
Total Other Governmental Funds		<u>684,781</u>	<u>415,779</u>
Total		<u>\$ 2,481,646</u>	<u>\$ 2,481,646</u>

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

E. Short-term obligations - Bond anticipation notes

The City uses bond anticipation notes (“BANs”) during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the fiscal year was as follows:

Type of Obligation	Issue Date	Maturity Date	Coupon Rate	Balance July 1, 2016	Additions	Deductions	Permanently Financed	Balance June 30, 2017
Bond Anticipation Notes								
Capital Improvement	4/28/2017	10/3/2017	1.75%	\$ -	\$ 9,635,000	\$ -	\$ 9,635,000	\$ -
Capital Improvement	12/1/2016	4/28/2017	1.71%	-	9,635,000	9,635,000	-	-
Capital Improvement	9/26/2016	12/1/2016	1.63%	-	8,636,000	8,636,000	-	-
Total Bond Anticipation Notes				<u>\$ -</u>	<u>\$ 27,906,000</u>	<u>\$ 18,271,000</u>	<u>\$ 9,635,000</u>	<u>\$ -</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

F. Changes in long-term obligations

1. Summary of changes

Description	Original amount	Date of issue	Date of maturity	Interest rate	Balance July 1, 2016 (as restated)	Additions	Deductions	Balance June 30, 2017	Current portion
Bonds/notes:									
General purpose:									
Debt issue	\$ 7,435,994	03/31/10	02/15/25	5.1%	\$ 4,455,503	\$ -	\$ 495,056	\$ 3,960,447	\$ 495,056
Refunding issue	38,380,000	05/31/12	08/01/26	3.0-5.0%	25,624,000	-	3,506,000	22,118,000	3,616,000
Debt issue	1,225,000	05/31/12	08/01/26	3.0-5.0%	1,020,000	-	74,000	946,000	77,000
Debt issue	7,865,000	09/03/14	09/01/34	3.0-5.0%	7,398,000	-	462,000	6,936,000	462,000
Total general purpose:	<u>54,905,994</u>				<u>38,497,503</u>	<u>-</u>	<u>4,537,056</u>	<u>33,960,447</u>	<u>4,650,056</u>
School bonds:									
Debt issue	4,280,006	03/31/10	02/15/25	5.1%	2,564,497	-	284,944	2,279,553	284,944
Refunding issue	7,260,000	05/31/12	08/01/26	3.0-5.0%	15,376,000	-	2,050,000	13,326,000	2,050,000
Debt issue	2,250,000	05/31/12	08/01/26	3.0-5.0%	1,875,000	-	136,000	1,739,000	143,000
Debt issue	1,235,000	09/03/14	09/01/34	3.0-5.0%	1,177,000	-	63,000	1,114,000	63,000
Total school bonds:	<u>15,025,006</u>				<u>20,992,497</u>	<u>-</u>	<u>2,533,944</u>	<u>18,458,553</u>	<u>2,540,944</u>
Sewer:									
Refunding issue	1,980,000	05/31/12	08/01/26	3.0-5.0%	1,140,000	-	329,000	811,000	329,000
Pension:									
Pension obligation bond (taxable)	38,715,000	09/03/14	03/15/22	0.985-4.164%	30,865,000	-	4,595,000	26,270,000	4,995,000
Total bonds	<u>110,626,000</u>				<u>91,495,000</u>	<u>-</u>	<u>11,995,000</u>	<u>79,500,000</u>	<u>12,515,000</u>
Notes:									
Sewer:									
CWF 167-C	4,858,956	10/30/1998	10/31/2017	2.0%	384,168	-	287,164	97,004	97,004
CWF 347-C	1,618,947	5/31/2000	11/30/2019	2.0%	321,296	-	91,778	229,518	93,631
CWF 444-C	1,603,000	03/31/2001	09/30/2020	2.0%	392,495	-	89,373	303,122	91,177
CWF 348-C	4,407,222	11/30/2001	11/30/2020	2.0%	1,138,616	-	244,902	893,714	249,845
CWF 346-C	801,945	12/31/2003	12/31/2022	2.0%	293,749	-	42,746	251,003	43,608
CWF 348-C1	1,728,831	12/31/2003	12/31/2022	2.0%	639,063	-	92,151	546,912	94,011
CWF 348-CD1	617,707	09/29/2006	11/30/2020	2.0%	214,792	-	46,297	168,495	47,232
CWF 346-CD2	801,055	5/31/2007	12/31/2022	2.0%	334,129	-	51,405	282,724	51,405
CWF 549-C	28,250,103	07/01/2013	07/01/2032	2.0%	23,347,885	-	1,245,489	22,102,396	1,268,455
CWF 549-CD2	1,425,544	06/30/2015	07/01/2032	2.0%	1,354,419	-	72,682	1,281,737	74,025
Total sewer notes:	<u>46,113,310</u>				<u>28,420,612</u>	<u>-</u>	<u>2,263,987</u>	<u>26,156,625</u>	<u>2,110,393</u>
Bond anticipation notes (permanently financed)					-	9,635,000	-	9,635,000	-
Total bonds/notes					119,915,612	9,635,000	14,258,987	115,291,625	14,625,393
Bond premium					2,244,286		448,857	1,795,429	-
Total bonds, notes and related liabilities					<u>122,159,898</u>	<u>9,635,000</u>	<u>14,707,844</u>	<u>117,087,054</u>	<u>14,625,393</u>
Capital leases					150,412	-	150,412	-	-
Compensated absences					8,327,363	6,689,710	4,724,316	10,292,757	2,058,551
Risk management					24,159,705	30,073,565	39,838,208	14,395,062	5,010,968
Other legal claims					392,000	-	-	392,000	-
Net pension liability					28,474,661	11,442,104	18,082,844	21,833,921	-
Total OPEB liability					<u>178,637,367</u>	<u>10,284,554</u>	<u>24,659,649</u>	<u>164,262,272</u>	<u>-</u>
Total long term liabilities					<u>\$ 362,301,406</u>	<u>\$ 68,124,933</u>	<u>\$ 102,163,273</u>	<u>\$ 328,263,066</u>	<u>\$ 21,694,912</u>

All long-term liabilities are generally liquidated by the general fund.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

F. Changes in long-term obligations (continued)

In November 2017, the City issued \$16,135,000 of general obligation (deficit) bonds and \$9,635,000 of general obligation bonds. These bonds mature through 2027 and carry interest rates of 3.0 - 5.0%. The \$9,635,000 bonds include two term bonds maturing in 2032 and 2037 and carry interest rates of 5.0%.

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

Description	Original amount	Date of issue	Date of maturity	Interest rate	Balance July 1, 2016 (as restated)	Additions	Deductions	Balance June 30, 2017	Current portion
Capital leases					\$ 301,595	\$ -	\$ 72,196	\$ 229,399	\$ 74,290
Compensated absences					541,075	129,964	52,935	618,104	123,621
Heart and Hypertension					10,504	-	10,504	-	-
Net pension liability					22,548,458	2,418,639	2,282,223	22,684,874	-
Total OPEB liability					28,108,119	1,776,680	4,359,246	25,525,553	-
Total long term liabilities					\$ 51,509,751	\$ 4,325,283	\$ 6,777,104	\$ 49,057,930	\$ 197,911

The annual requirements to amortize bonds and loans payable are as follows:

Year Ending June 30,	Debt Maturities				
	Bond Principal	Bond Interest	Notes Principal	Notes Interest	Total Interest
2018	\$ 12,515,000	\$ 3,195,385	\$ 2,110,393	\$ 502,730	\$ 3,698,115
2019	12,710,000	2,749,933	2,052,993	461,694	3,211,627
2020	12,045,000	2,295,577	2,036,310	420,552	2,716,129
2021	11,100,000	1,826,514	1,799,850	381,479	2,207,993
2022	11,340,000	1,330,149	1,654,671	347,995	1,678,144
2023	3,400,000	868,526	1,590,725	315,031	1,183,557
2024	4,930,000	659,339	1,513,492	284,495	943,834
2025	4,980,000	410,761	1,544,041	253,946	664,707
2026	2,695,000	208,406	1,575,206	222,781	431,187
2027	725,000	128,013	1,607,001	190,986	318,999
2028	395,000	108,575	1,639,437	158,550	267,125
2029	395,000	95,491	1,672,528	125,459	220,950
2030	395,000	81,913	1,706,287	91,700	173,613
2031	380,000	67,400	1,740,727	57,260	124,660
2032	380,000	52,200	1,775,741	22,124	74,324
2033	380,000	37,000	137,223	236	37,236
2034	380,000	21,800	-	-	21,800
2035	355,000	7,100	-	-	7,100
Totals	\$ 79,500,000	\$ 14,144,082	\$ 26,156,625	\$ 3,837,018	\$ 17,981,100

City of West Haven, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

F. Changes in long-term obligations (continued)

2. 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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$264,829,475	\$39,775,447	\$225,054,028
Schools	529,658,951	19,058,553	510,600,398
Sewers	441,382,459	30,187,625	411,194,834
Urban renewal	382,531,464	-	382,531,464
Pension deficit	353,105,967	26,270,000	326,835,967

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$823,913,923.

3. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

General purpose	\$23,166,035
Schools	133,850,000
Sewer	<u>3,220,000</u>
Total	<u>\$160,236,035</u>

4. Capital leases

The City is committed under leases for vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Allingtown Fire Department is committed under leases for vehicles totaling \$371,754 and accumulated amortization of \$161,561. Amortization of vehicles under capital leases is included with depreciation expense.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments:

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

F. Changes in long-term obligations (continued)

Year Ending June 30	
2018	\$ 80,944
2019	80,944
2020	80,943
	<u>242,831</u>
Less amount representing interest	<u>(13,432)</u>
Present value of minimum lease payments	<u>\$ 229,399</u>

5. Claims and judgements

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 judgements 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.

6. 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, heart and hypertension 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. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

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 worker’s 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.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

F. Changes in long-term obligations (continued)

6. Risk management (continued)

The claims liability reported is based upon the provisions of GASB Statements No. 20 and 30, which require that a liability for estimated claims incurred but not reported be accrued. 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 social factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
Medical Insurance				
2015-2016	\$ 1,527,345	\$ 27,457,362	\$ 26,893,442	\$ 2,091,265
2016-2017	2,091,265	25,461,147	25,393,358	2,159,054
General Liability				
2015-2016	672,000	313,124	614,685	370,439
2016-2017	370,439	3,248,545	3,249,836	369,148
Workers Compensation				
2015-2016	7,471,435	2,601,929	2,151,686	7,921,678
2016-2017	7,921,678	10,763,027	10,833,468	7,851,237
Heart and Hypertension				
2015-2016	14,572,615	(575,255)	221,037	13,776,323
2016-2017	13,776,323	(9,399,154)	361,546	4,015,623
Total Risk Management Activities				
2015-2016	24,243,395	29,797,160	29,880,850	24,159,705
2016-2017	<u>\$ 24,159,705</u>	<u>\$ 30,073,565</u>	<u>\$ 39,838,208</u>	<u>\$ 14,395,062</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

H. Fund balance classifications

Fund balances are composed of the following:

	General Fund	Allingtown Fire Department Fund	Capital Improvement Fund	Sewer Fund	Other Governmental Funds	Total
Restricted						
General government	\$ -	\$ -	\$ -	\$ -	\$ 41,176	\$ 41,176
Health and welfare	-	-	-	-	530,702	530,702
Culture and recreation	-	-	-	-	138,581	138,581
Education	-	-	-	-	297,536	297,536
Capital Projects	-	-	-	-	850	850
Total Restricted	-	-	-	-	1,008,845	1,008,845
Committed						
Public safety	-	-	-	-	162,038	162,038
Capital Projects	-	-	1,015,425	-	210,410	1,225,835
Total Committed	-	-	1,015,425	-	372,448	1,387,873
Unassigned	(18,138,674)	(658,268)	-	(75,991)	(132,201)	(19,005,134)
Total	\$ (18,138,674)	\$ (658,268)	\$ 1,015,425	\$ (75,991)	\$ 1,249,092	\$ (16,608,416)

G. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$0.

I. Deficit fund balances

The City had a deficit equity balance of \$132,201 in the Miscellaneous Grants fund. The deficit will be eliminated by future grant receipts.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

IV. Other information

A. Commitments and litigation

Amounts received or receivable from Federal and State 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.

The City is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the City attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Pension plans

1. Plan Description

The City administers two single-employer, contributory, defined benefit pension plans (City of West Haven Police and Allingtown Fire Department). The City benefits and contribution requirements are established by plan documents adopted July 1, 2010, by approval of the City Council. Allingtown Fire Department 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 a pension trust fund. The plans do not issue separate standalone financial reports. Both plans are closed to new participants.

A. Plan administration

The Police Pension Plan and Allingtown Fire Department Pension Plan are separately administered by their 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 is comprised 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.

B. Plan membership

As of January 1, 2016 for the Police and July 1, 2015 for Allingtown Fire Department the memberships in the Plans are comprised of the following:

	<u>Police</u>	<u>Allingtown</u>
Retirees and beneficiaries currently receiving benefits	151	29
Active plan member	<u>87</u>	<u>20</u>
Total	<u>238</u>	<u>49</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**C. Pension plans (continued)****2. 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 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 Department

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

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.

3. Contributions required**Police**

The City's contribution is actuarially determined by using the projected unit credit cost method. During the fiscal year, the City contributed \$1,850,000 to the plan which represents 28.08% of covered payroll. Administrative costs are generally financed through investment earnings.

Police officers were required to contribute 9.5% of their earnings for the current year. The employees' contribution was \$580,520.

Allingtown Fire Department

The Department's contribution is actuarially determined by using the projected unit cost method. During the fiscal year, the City contributed \$1,691,815 to the plan which represents 100.13% of covered payroll. Administrative costs are generally financed through investment earnings.

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. The employees' contribution was \$145,266.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued).

4. Investments

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 Alingtown Fire Department 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.

The following is the Board's adopted asset allocation policy for the plans:

Police

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Cash	3.50%	0.58%
High Yield Bonds	20.00%	4.65%
Large Caps	12.50%	3.61%
Equity Market	10.00%	3.81%
Small Caps	5.00%	4.10%
Mid Caps	10.00%	3.76%
Global Equity	15.00%	4.10%
Real estate (REITS)	5.00%	3.28%
Private Equity	10.00%	5.08%
Hedge Funds- Multistrategy	<u>9.00%</u>	3.37%
	<u>100.00%</u>	

The portfolio nominal mean return including inflation is 7.19%.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Allingtown Fire Department

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Cash	2.13%	0.58%
Large Credit Bonds	65.65%	3.76%
Large Caps	28.30%	3.61%
Real estate (REITS)	<u>3.92%</u>	3.28%
Total	<u>100.00%</u>	

The portfolio nominal mean return including inflation is 6.80%.

5. Rate of return

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are summarized in the preceding table.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.64% for the police plan and 7.53% for the Allingtown plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

6. Concentrations

There were no investments in any one organization that represented 5% or more of the pension plan's net position.

7. Net Pension Liability- Police Pension Plan

	<u>Police</u>	<u>Allingtown</u>
Total pension liability	\$ 137,617,990	\$ 29,183,167
Plan fiduciary net position	<u>115,784,069</u>	<u>6,498,293</u>
Net pension liability	<u>\$ 21,833,921</u>	<u>\$ 22,684,874</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.13%</u>	<u>22.27%</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

8. Actuarial assumptions used to calculate net pension liability

	<u>Police</u>	<u>Allingtown Fire Department</u>
Valuation date	January 1, 2016	July 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent Open	Level Percent Closed
Remaining amortization period	5 years	18 years
Asset valuation method	Fair Value	Fair Value
Discount rate	7.375%	6.75%
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 members hired after 6/30/93	1.75% for retirements on or before 11/27/13 2.75% for retirements after 11/27/13
Mortality rates	RP-2000 Mortality Table with blue collar adjustment for healthy annuitants and non-annuitants projected to 2,020 per scale AA.	RP-2000 Combined Healthy Mortality with blue collar adjustment and generational projection per scale AA.

In 2002, the City issued pension obligation bonds to fund the City's Police pension liabilities. State statues 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 investments losses cause the funded level to drop below 100% over a short period of time. This has been interpreted for actuarial valuation purposes to be 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 large investment losses suffered by the plan during fiscal year 2009.

9. Discount rate

The discount rate used to measure the total pension liability was 7.375% for the Police plan and 6.75% for the Allingtown Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on the plan's current net pension liability and current contribution policy, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

10. Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
<u>Police Plan</u>			
Net pension liability	<u>\$ 38,968,013</u>	<u>\$ 21,833,921</u>	<u>\$ 7,644,672</u>
<u>Allingtown Plan</u>	(5.75%)	(6.75%)	(7.75%)
Net pension liability	<u>\$ 26,529,074</u>	<u>\$ 22,684,874</u>	<u>\$ 19,518,466</u>

11. Changes in the Net Pension Liability

The City's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

Police Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	<u>\$ 137,450,796</u>	<u>\$ 108,976,135</u>	<u>\$ 28,474,661</u>
Service cost	1,456,995	-	1,456,995
Interest	9,985,109	-	9,985,109
Differences between expected and actual experience	(3,803,033)	-	(3,803,033)
Changes in assumptions	(311,559)	-	(311,559)
Contributions - employer	-	1,850,000	(1,850,000)
Contributions - member	-	580,520	(580,520)
Net investment income	-	11,560,855	(11,560,855)
Benefit payments, including refunds of member contributions	(7,160,318)	(7,160,318)	-
Administration	-	(23,123)	23,123
Net change	<u>167,194</u>	<u>6,807,934</u>	<u>(6,640,740)</u>
Balance at June 30, 2017	<u>\$ 137,617,990</u>	<u>\$ 115,784,069</u>	<u>\$ 21,833,921</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Allingtown Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	\$ 28,283,670	\$ 5,735,212	\$ 22,548,458
Service cost	524,520	-	524,520
Interest	1,894,119	-	1,894,119
Contributions - employer	-	1,691,815	(1,691,815)
Contributions - member	-	145,266	(145,266)
Net investment income	-	454,693	(454,693)
Benefit payments, including refunds of member contributions	(1,519,142)	(1,519,142)	-
Administration	-	(9,551)	9,551
Net change	899,497	763,081	136,416
Balance at June 30, 2017	\$ 29,183,167	\$ 6,498,293	\$ 22,684,874

12. Pension Expense and Deferred Outflows and Inflows of Resources

The City recognized pension expense of \$4,414,613 for the Police Plan and \$2,080,158 for the Allingtown Plan.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police Plan Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,160,148
Changes in assumptions	-	227,354
Net difference between projected and actual earnings on pension plan investments	6,272,437	-
Total	\$ 6,272,437	\$ 3,387,502
Net amount of deferred inflows and outflows		\$ 2,884,935

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Allingtown Plan Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 666,475
Changes in assumptions	793,613	-
Net difference between projected and actual earnings on pension plan investments	<u>334,832</u>	<u>-</u>
Total	<u>\$ 1,128,445</u>	<u>\$ 666,475</u>
Net amount of deferred inflows and outflows		<u>\$ 461,970</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which was also 5 years.

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

Year Ending June 30,	Police Plan	Allingtown Plan
2018	\$ 1,418,710	\$ 204,670
2019	1,514,950	204,668
2020	685,685	62,067
2021	<u>(734,410)</u>	<u>(9,435)</u>
Total	<u>\$ 2,884,935</u>	<u>\$ 461,970</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

13. Plan Statements

	Pension Trust Funds		
	Police	Allingtown Fire Department	Total
<u>Assets</u>			
Investments at fair value			
Mutual funds			
Money market	\$ 1,554,442	\$ 138,544	\$ 1,692,986
Equity	48,349,773	56,430	48,406,203
Real estate investment trust	-	60,227	60,227
Common stock	25,340,361	194,776	25,535,137
Exchange traded funds	5,867,761	1,527,426	7,395,187
Corporate bonds	15,370,376	3,750	15,374,126
U.S. government securities	1,482,424	-	1,482,424
Real estate funds	-	254,424	254,424
Private equity funds	17,643,661	-	17,643,661
Annuities	-	4,262,716	4,262,716
	<hr/>	<hr/>	<hr/>
Total investments	115,608,798	6,498,293	122,107,091
Interest and dividends receivable	175,271	-	175,271
	<hr/>	<hr/>	<hr/>
Total assets	115,784,069	6,498,293	122,282,362
	<hr/>	<hr/>	<hr/>
<u>Net Position</u>			
Restricted for pension benefits	<u>\$115,784,069</u>	<u>\$ 6,498,293</u>	<u>\$ 122,282,362</u>

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

13. Plan Statements (continued)

	Pension Trust Funds		
	Police	Allingtown Fire Department	Total
Additions			
Contributions			
Employer	\$ 1,850,000	\$ 1,691,815	\$ 3,541,815
Plan members	580,520	145,266	725,786
Total contributions	2,430,520	1,837,081	4,267,601
Investment income (loss)			
Change in fair value of investments	10,072,066	292,695	10,364,761
Other income	-	147,874	147,874
Interest and dividends	1,787,013	64,244	1,851,257
Total investment income (loss)	11,859,079	504,813	12,363,892
Less investment expenses	298,224	50,120	348,344
Net investment income (loss)	11,560,855	454,693	12,015,548
Total additions	13,991,375	2,291,774	16,283,149
Deductions			
Benefits	7,160,318	1,519,142	8,679,460
Administration	23,123	9,551	32,674
Total deductions	7,183,441	1,528,693	8,712,134
Changes in net position	6,807,934	763,081	7,571,015
Net position - July 1, 2016	108,976,135	5,735,212	114,711,347
Net position - June 30, 2017	\$ 115,784,069	\$ 6,498,293	\$ 122,282,362

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

14. 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.

D. Connecticut State Teachers’ Retirement System

1. Plan description

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

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**D. Connecticut State Teachers' Retirement System (continued)****2. Benefit provisions**

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

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

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.

3. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Departments)

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

Employees

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

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**D. Connecticut State Teachers' Retirement System (continued)****4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

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

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>150,095,086</u>
Total	<u>\$ 150,095,086</u>

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

During the year the City recognized pension expense and revenue of \$16,368,408 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

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

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

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Connecticut State Teachers' Retirement System (continued)

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**D. Connecticut State Teachers' Retirement System (continued)****6. Discount rate**

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

7. Sensitivity of the net pension liability to changes in the discount rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

E. Other Post-Employment Benefit Plan**1. Plan description****a. 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.

The Allingtown Fire Department 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.

b. Benefit provided

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

City of West Haven, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

E. Other Post-Employment Benefit Plan (continued)

c. Contributions

1. Employer Contributions

The City's recommended contributions are actuarially determined on an annual basis using the entry age normal method. Contributions are established by contract and may be amended by union negotiations. The City and Board of Education's total plan contribution was \$7,056,148.

The Allingtown Fire Department's recommended contributions are actuarially determined on annual basis using the projected unit credit method. Contributions are established and may be amended by the Department. The Department's plan contribution was \$703,461.

2. 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 Department.

d. Employees Covered by Benefit Terms

As of July 1, 2015, for the City and Board of Education plans, and as of July 1, 2015, for the Allingtown Fire Department plan, the following employees are covered by the benefit terms:

	<u>City</u>	<u>Allingtown</u>
Retirees and beneficiaries currently receiving benefits	578	49
Active plan members	<u>901</u>	<u>22</u>
Total	<u>1,479</u>	<u>71</u>

2. OPEB Liability

The City's total OPEB liability of \$164,262,272 was measured as of June 30, 2017, and was determined by an actuarial valuation as July 1, 2015.

The Allingtown Fire Department total OPEB liability of \$25,525,553 was measured as of June 30, 2017, and was determined by an actuarial valuation as July 1, 2015.

City of West Haven, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2017

E. Other Post-Employment Benefit Plan (continued)

3. Actuarial methods and other inputs

The total OPEB liability was determined based upon a July 1, 2015 actuarial valuation for the City plan and a July 1, 2015 for the Allingtown Fire Department plan, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>City</u>	<u>Allingtown Fire Department</u>
Actuarial assumptions:		
	Entry	Entry
Actuarial cost method	age normal	age normal
Discount rate	3.58%	3.58%
Salary increases including inflation	Graded by service	3.50%
Inflation	2.75%	2.50%
	6.37%, reducing to a final of 4.40%	5.60%, reducing to a final of 4.60%
Healthcare cost trend rates:	over 70 years	over 85 years

The discount rate was based on the Bond Buyer municipal bond 20 year bond municipal index as of the measurement date.

Police

Mortality rates were based on the RP-2000 Mortality Table with blue collar adjustment for Healthy Annuitants and Non-Annuitants projected to 2020 per scale AA.

Teachers and Administrators

Mortality rates were based on the RP-2000 Mortality Table for males and females projected forward 19 years using Scale AA, with a two year age setback.

All Others

Mortality rates were based on the RP-2000 Mortality Table with blue collar adjustment for Healthy Annuitants and Non-Annuitants projected to 2020 per scale AA.

Allingtown Fire Department

Mortality rates were based on the RP-2000 Mortality Table, set forward one year for males and set back one year for females.

City of West Haven, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2017

E. Other Post-Employment Benefit Plan (continued)**4. Changes in the Total OPEB Liability**

City	
Total OPEB liability - July 1, 2016	<u>\$ 178,637,367</u>
Service cost	5,146,556
Interest	5,137,998
Changes in assumptions	(17,603,501)
Benefit payments, including refunds of member contributions	<u>(7,056,148)</u>
Net change	<u>(14,375,095)</u>
Total OPEB liability - June 30, 2017	<u>\$ 164,262,272</u>
Allingtown	
Total OPEB liability - July 1, 2016	<u>\$ 28,108,119</u>
Service cost	958,243
Interest	818,437
Changes in assumptions	(3,655,785)
Benefit payments, including refunds of member contributions	<u>(703,461)</u>
Net change	<u>(2,582,566)</u>
Total OPEB liability - June 30, 2017	<u>\$ 25,525,553</u>

4. Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
City	<u>\$ 189,132,946</u>	<u>\$ 164,262,272</u>	<u>\$ 144,178,863</u>
Allingtown	<u>\$ 30,725,148</u>	<u>\$ 25,525,553</u>	<u>\$ 21,516,409</u>

City of West Haven, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2017

E. Other Post-Employment Benefit Plan (continued)

4. Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

5. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>Total OPEB Liability</u>	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
City	<u>\$ 140,382,780</u>	<u>\$ 164,262,272</u>	<u>\$ 194,430,926</u>
Allingtown	<u>\$ 20,862,131</u>	<u>\$ 25,525,553</u>	<u>\$ 31,647,816</u>

6. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year the City recognized OPEB expense of \$7,657,166 and Allingtown Fire Department recognized \$558,085. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>City</u> <u>Description of Outflows/Inflows</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -
Changes in assumptions	<u>14,976,113</u>
Total	<u>\$ 14,976,113</u>
<u>Allingtown</u> <u>Description of Outflows/Inflows</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -
Changes in assumptions	<u>2,437,190</u>
Total	<u>\$ 2,437,190</u>

City of West Haven, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2017

E. Other Post-Employment Benefit Plan (continued)

Actual investment earnings below (or above) projected earnings are amortized over 5 years.

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

Year Ending June 30,	City Plan	Allingtown Plan
2018	\$ 2,627,388	\$ 1,218,595
2019	2,627,388	1,218,595
2020	2,627,388	-
2021	2,627,388	-
2022	2,627,388	-
Thereafter	1,839,173	-
Total	<u>\$ 14,976,113</u>	<u>\$ 2,437,190</u>

F. Prior period adjustment

Beginning equity balances were restated as follows to correct an error in the prior years financial statements for accounts payable and unearned revenue and due to the implementation of GASB statement 75 which requires the City to record the Total OPEB liability.

	Government - Wide Activities	Capital Improvement Fund	Other Governmental Funds
Net position/fund balance as previously reported at June 30, 2016	\$ (48,312,340)	\$ 112,255	\$ 1,071,181
To correct the accounts payable balance in the School Lunch fund	(279,621)	-	(279,621)
To correctly report grant revenue in the Capital Improvement Fund, as it was not earned in the prior year	(1,699,234)	(1,699,234)	-
To remove net OPEB obligation previously recorded	45,333,246	-	-
To record beginning OPEB liability (NOL)	<u>(206,745,486)</u>	<u>-</u>	<u>-</u>
Net position/fund balance as restated at July 1, 2016	<u>\$ (211,703,435)</u>	<u>\$ (1,586,979)</u>	<u>\$ 791,560</u>

**Required
Supplementary
Information**

City of West Haven, Connecticut

Police Pension Plan

Required Supplementary Information
Last Four YearsSchedule of Changes in Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 1,456,995	\$ 1,734,676	\$ 1,615,531	\$ 1,627,000
Interest	9,985,109	9,687,559	9,377,636	9,147,000
Differences between expected and actual experience	(3,803,033)	-	(1,106,768)	-
Changes in assumptions	(311,559)	-	-	-
Benefit payments, including refunds of member contributions	<u>(7,160,318)</u>	<u>(7,064,026)</u>	<u>(6,758,653)</u>	<u>(6,311,000)</u>
Net change in total pension liability	167,194	4,358,209	3,127,746	4,463,000
Total pension liability - July 1	<u>137,450,796</u>	<u>133,092,587</u>	<u>129,964,841</u>	<u>125,501,000</u>
Total pension liability - June 30 (a)	<u>\$ 137,617,990</u>	<u>\$ 137,450,796</u>	<u>\$ 133,092,587</u>	<u>\$ 129,964,000</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,850,000	\$ 1,850,000	\$ 1,274,950	\$ 1,157,000
Contributions - member	580,520	571,774	590,403	583,213
Net investment income (loss)	11,560,855	(2,589,880)	2,067,404	14,029,000
Benefit payments, including refunds of member contributions	(7,160,318)	(7,064,026)	(6,758,653)	(6,310,695)
Administration	<u>(23,123)</u>	<u>(14,646)</u>	<u>(26,720)</u>	<u>(25,000)</u>
Net change in plan fiduciary net position	6,807,934	(7,246,778)	(2,852,616)	9,433,518
Plan fiduciary net position - July 1	<u>108,976,135</u>	<u>116,222,913</u>	<u>119,075,529</u>	<u>109,642,011</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 115,784,069</u>	<u>\$ 108,976,135</u>	<u>\$ 116,222,913</u>	<u>\$ 119,075,529</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 21,833,921</u>	<u>\$ 28,474,661</u>	<u>\$ 16,869,674</u>	<u>\$ 10,888,471</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of West Haven, Connecticut
Allingtown Fire Department Pension Plan
Required Supplementary Information
Last Four Years

Schedule of Changes in Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 524,520	\$ 491,354	\$ 462,468	\$ 430,000
Interest	1,894,119	1,832,169	1,838,710	1,768,000
Differences between expected and actual experience	-	(1,272,361)	-	1,009,000
Effect of plan changes	-	1,419,497	-	-
Changes in assumptions	-	1,515,081	-	-
Benefit payments, including refunds of member contributions	<u>(1,519,142)</u>	<u>(1,361,295)</u>	<u>(1,366,522)</u>	<u>(1,221,000)</u>
Net change in total pension liability	899,497	2,624,445	934,656	1,986,000
Total pension liability - July 1	<u>28,283,670</u>	<u>25,659,225</u>	<u>24,724,569</u>	<u>22,738,000</u>
Total pension liability - June 30 (a)	<u>\$ 29,183,167</u>	<u>\$ 28,283,670</u>	<u>\$ 25,659,225</u>	<u>\$ 24,724,000</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,691,815	\$ 1,559,866	\$ 1,571,325	\$ 1,495,000
Contributions - member	145,266	164,437	161,935	153,000
Net investment income (loss)	454,693	71,139	(89,385)	252,000
Benefit payments, including refunds of member contributions	(1,519,142)	(1,361,295)	(1,366,522)	(1,221,000)
Administration	<u>(9,551)</u>	<u>(28,895)</u>	<u>(100)</u>	<u>(6,000)</u>
Net change in plan fiduciary net position	763,081	405,252	277,253	673,000
Plan fiduciary net position - July 1	<u>5,735,212</u>	<u>5,329,960</u>	<u>5,052,707</u>	<u>4,379,707</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 6,498,293</u>	<u>\$ 5,735,212</u>	<u>\$ 5,329,960</u>	<u>\$ 5,052,707</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 22,684,874</u>	<u>\$ 22,548,458</u>	<u>\$ 20,329,265</u>	<u>\$ 19,671,293</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of West Haven, Connecticut

Police Pension Plan

Required Supplementary Information
Last Four YearsSchedule of Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 137,617,990	\$ 137,450,796	\$ 133,092,587	\$ 129,964,000
Plan fiduciary net position	<u>115,784,069</u>	<u>108,976,135</u>	<u>116,222,913</u>	<u>119,075,529</u>
Net pension liability	<u>\$ 21,833,921</u>	<u>\$ 28,474,661</u>	<u>\$ 16,869,674</u>	<u>\$ 10,888,471</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.13%</u>	<u>79.28%</u>	<u>87.32%</u>	<u>91.62%</u>
Covered payroll	<u>\$ 6,588,354</u>	<u>\$ 7,160,460</u>	<u>\$ 7,160,460</u>	<u>\$ 7,191,938</u>
Net pension liability as a percentage of covered payroll	<u>331.40%</u>	<u>397.67%</u>	<u>235.59%</u>	<u>151.40%</u>

Schedule of Investment Returns

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expense	<u>10.64%</u>	<u>(1.87%)</u>	<u>1.43%</u>	<u>13.13%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of West Haven, Connecticut

Allingtown Fire Department Pension Plan

Required Supplementary Information
Last Four YearsSchedule of Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 29,183,167	\$ 28,283,670	\$ 25,659,225	\$ 24,724,000
Plan fiduciary net position	<u>6,498,293</u>	<u>5,735,212</u>	<u>5,329,960</u>	<u>5,052,707</u>
Net pension liability	<u>\$ 22,684,874</u>	<u>\$ 22,548,458</u>	<u>\$ 20,329,265</u>	<u>\$ 19,671,293</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>22.27%</u>	<u>20.28%</u>	<u>20.77%</u>	<u>20.44%</u>
Covered payroll	<u>\$ 1,689,604</u>	<u>\$ 1,678,136</u>	<u>\$ 1,678,136</u>	<u>\$ 1,645,791</u>
Net pension liability as a percentage of covered payroll	<u>1342.61%</u>	<u>1343.66%</u>	<u>1211.42%</u>	<u>1195.25%</u>

Schedule of Investment Returns

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expense	<u>7.53%</u>	<u>1.29%</u>	<u>-1.70%</u>	<u>-5.47%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of West Haven, Connecticut

Police Pension Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 1,861,931	\$ 1,850,000	\$ (11,931)	\$ 6,588,354	28.08%
2016	1,848,528	1,850,000	1,472	7,160,460	25.84%
2015	2,342,798	1,274,950	(1,067,848)	7,160,460	17.81%
2014	3,312,178	1,157,000	(2,155,178)	7,191,938	16.09%
2013	3,141,846	1,285,750	(1,856,096)	7,008,211	18.35%
2012	3,141,846	979,292	(2,162,554)	7,008,211	13.97%
2011	3,950,896	1,050,000	(2,900,896)	7,074,123	14.84%
2010	1,157,342	1,157,342	-	7,812,621	14.81%
2009	1,157,342	611,822	(545,520)	7,812,621	7.83%
2008	1,111,822	1,111,822	-	7,373,220	15.08%

City of West Haven, Connecticut

Allingtown Fire Department Pension Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 2,009,923	\$ 1,691,815	\$ (318,108)	\$ 1,689,604	100.13%
2016	1,597,526	1,559,866	(37,660)	1,678,136	92.95%
2015	1,536,083	1,571,325	35,242	1,678,136	93.64%
2014	1,519,425	1,495,339	(24,086)	1,645,791	90.86%
2013	1,460,986	1,516,586	55,600	1,645,791	92.15%
2012	1,404,794	1,492,075	87,281	1,645,791	90.66%
2011	1,274,304	1,430,341	156,037	1,341,760	106.60%
2010	1,225,293	1,343,174	117,881	1,341,760	100.11%
2009	1,178,166	875,780	(302,386)	1,341,760	65.27%
2008	1,249,120	1,360,156	111,036	1,238,339	109.84%

City of West Haven, Connecticut

Police Pension Plan

**Notes to Required Supplementary Information
Last Four Years**

Schedule of Contributions

Changes of benefit terms	None
Changes of assumptions	2016: Decreased the pay grade assumption from 5.0% to 4.0%
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2016, 18 months prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent, open, 17 years from January 1, 2014
Asset Valuation Method	Fair Value
Inflation	2.75%
Salary Increases	3.50%
Investment Rate of Return	7.375%
Mortality	RP-2000 Mortality Table (with blue collar adjustments) for Healthy Annuitants and Non-Annuitants projected to 2020 per Scale AA

Note: This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

City of West Haven, Connecticut

Allingtown Fire Department Pension Plan

Notes to Required Supplementary Information
Last Four Years

Schedule of Contributions

Changes of benefit terms	None
Changes of assumptions	2015: Salary increases were reduced from 4.0% to 3.5% and the discount rate was changed from 7.5% to 6.75% from the prior evaluation.
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2015, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent Closed
Asset Valuation Method	Fair value
Inflation	2.75%
Salary Increases	3.50%
Investment Rate of Return	6.75%
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustments and generational projection per Scale AA.

Note: This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

City of West Haven, Connecticut

Connecticut State Teachers' Retirement System

Required Supplementary Information
Last Three Years**Schedule of Proportionate Share of the Net Pension Liability**

	2017	2016	2015
City's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the City	<u>150,095,086</u>	<u>113,727,170</u>	<u>105,117,977</u>
Total	<u>\$ 150,095,086</u>	<u>\$ 113,727,170</u>	<u>\$ 105,117,977</u>
City's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</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>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Contributions

	2017	2016	2015
Contractually required contribution	(1) \$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of West Haven, Connecticut

Connecticut State Teachers' Retirement System

Notes to Required Supplementary Information
Last Three Years

Changes of benefit terms	None
Changes of assumptions	<p>2016:</p> <ol style="list-style-type: none"> 1. Reduce the inflation assumption from 3.00% to 2.75%. 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%. 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%. 4. Slightly modify the merit portion of the salary scale. 5. Reduce the payroll growth assumption from 3.75% to 3.25%. 6. Update mortality tables to projected versions of the RPH-2014 mortality tables. 7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females. 8. Increase rates of withdrawal. 9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.00%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

Note: This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

City of West Haven, Connecticut

City Other Post-Employment Benefit (OPEB) Plan

Required Supplementary Information
For the Year Ended June 30, 2017Schedule of Changes in OPEB Liability

Total OPEB liability	
Service cost	\$ 5,146,556
Interest	5,137,998
Changes in assumptions	(17,603,501)
Benefit payments, including refunds of member contributions	<u>(7,056,148)</u>
Net Change in total OPEB liability	(14,375,095)
Total OPEB liability - July 1	<u>178,637,367</u>
Total OPEB liability - June 30 (a)	<u><u>\$ 164,262,272</u></u>

Note: This schedule is intended to present information for 10 years.
Additional years will be presented as they become available.

City of West Haven, Connecticut

Allingtown Fire Department Other Post-Employment Benefit (OPEB) Plan

Required Supplementary Information
For the Year Ended June 30, 2017Schedule of Changes in OPEB Liability

Total OPEB liability	
Service cost	\$ 958,243
Interest	818,437
Changes in assumptions	(3,655,785)
Benefit payments, including refunds of member contributions	<u>(703,461)</u>
Net Change in Total OPEB liability	(2,582,566)
Total OPEB liability - July 1	<u>28,108,119</u>
Total OPEB liability - June 30 (a)*	<u><u>\$ 25,525,553</u></u>

* There are no assets that are being accumulated in a trust that meet the criteria in GASB 75 to pay benefits.

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Supplemental Schedules

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.

City of West Haven, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes				
Current levy	\$ 91,766,029	\$ 91,766,029	\$ 91,543,807	\$ (222,222)
Motor vehicle supplement	800,000	800,000	1,382,683	582,683
Prior year levies	400,000	400,000	429,043	29,043
Suspense taxes	100,000	100,000	87,525	(12,475)
Prior year interest	225,000	225,000	197,278	(27,722)
Suspense interest	150,000	150,000	97,275	(52,725)
Telephone access line	100,373	100,373	117,044	16,671
PILOT- SCCRWA NH water grant	277,500	277,500	296,331	18,831
PILOT- housing authority	-	-	149,431	149,431
Total property taxes	93,818,902	93,818,902	94,300,417	481,515
Intergovernmental				
Education cost sharing	45,994,046	45,994,046	45,096,042	(898,004)
Excess cost-student based (Special Ed. handicapped)	2,094,571	2,094,571	-	(2,094,571)
Commitment for schools (School build. construction)	-	-	475,000	475,000
Health/welfare services- Parochial school	135,000	135,000	62,337	(72,663)
PILOT- State colleges & hospitals	5,008,541	5,008,541	5,008,541	-
Municipal revenue sharing (Property tax relief manuf.)	147,516	147,516	147,516	-
Property tax relief- elderly	475,000	475,000	378,897	(96,103)
Mashantucket Pequot	969,932	969,932	969,932	-
Property tax relief- totally disabled	5,977	5,977	-	(5,977)
Property tax relief- Veterans reimbursement	101,000	101,000	118,373	17,373
Town Aid road	617,903	617,903	616,673	(1,230)
State task force reimbursement- police	36,000	36,000	-	(36,000)
State miscellaneous grants	122,312	122,312	122,295	(17)
MRSA- select PILOT	324,832	324,832	324,832	-
MRSA- sales tax sharing	1,121,850	1,121,850	1,121,850	-
Total intergovernmental	57,154,480	57,154,480	54,442,288	(2,712,192)
Charges for services				
Animal licenses	13,000	13,000	15,613	2,613
Marriage licenses	3,000	3,000	4,114	1,114
Sporting licenses	300	300	281	(19)
Building permits	1,210,000	1,210,000	759,930	(450,070)
Electrical permits	450,000	450,000	134,882	(315,118)
Excavation permits	5,000	5,000	5,400	400
Plumbing & heating permits	450,000	450,000	172,270	(277,730)
Zoning permits	80,000	80,000	108,622	28,622
Alcoholic beverage licenses	150	150	152	2
Police licenses & protection permits	20,000	20,000	25,328	5,328
City clerk fees collected	7,100	7,100	6,426	(674)
Dog pound releases	7,100	7,100	888	(6,212)
Health licenses & restaurant permits	80,000	80,000	80,765	765

(Continued)

City of West Haven, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Charges for services (continued)				
Parking tags	\$ 84,426	\$ 84,426	\$ 201,786	\$ 117,360
Fines & penalties	50,000	50,000	6,857	(43,143)
Rents, concessions & royalties	10	10	35	25
Rents from city facilities	25,000	25,000	16,150	(8,850)
Record legal instruments fee	550,000	550,000	596,977	46,977
Police charges- public safety	9,400	9,400	22,185	12,785
Sundry other miscellaneous	150	150	34	(116)
Miscellaneous public works/sewer-orange	37,000	37,000	37,060	60
Miscellaneous general government- all other	65,000	65,000	116,540	51,540
Miscellaneous parks & recreation	324,000	324,000	325,238	1,238
Miscellaneous school	-	-	4,809	4,809
Public works	4,000	4,000	330	(3,670)
Health fees	-	-	225	225
Parking meter revenue	20,000	20,000	25,263	5,263
Sewer collection fee	36,929	36,929	55,166	18,237
Insurance reimbursement	20,000	20,000	25,783	5,783
Quigley / Yale parking	40,000	40,000	45,103	5,103
Fire District share of ERS	783,450	783,450	779,957	(3,493)
Organic recycling/compost	18,605	18,605	12,380	(6,225)
Total charges for services	<u>4,393,620</u>	<u>4,393,620</u>	<u>3,586,549</u>	<u>(807,071)</u>
Revenue from investment	<u>5,000</u>	<u>5,000</u>	<u>7,199</u>	<u>2,199</u>
Contributions and miscellaneous				
Yale contribution	411,127	411,127	422,652	11,525
Other	200,000	200,000	198,803	(1,197)
Total miscellaneous	<u>611,127</u>	<u>611,127</u>	<u>621,455</u>	<u>10,328</u>
Total revenues	<u>155,983,129</u>	<u>155,983,129</u>	<u>152,957,908</u>	<u>(3,025,221)</u>
Other financing sources				
Sale of capital assets	-	-	308,450	308,450
Transfers in				
Public safety fund	200,000	200,000	415,779	215,779
Sewer fund	1,398,013	1,398,013	1,381,086	(16,927)
Total other financing sources	<u>1,598,013</u>	<u>1,598,013</u>	<u>2,105,315</u>	<u>507,302</u>
Total revenues and other financing sources	<u>\$ 157,581,142</u>	<u>\$ 157,581,142</u>	<u>\$ 155,063,223</u>	<u>\$ (2,517,919)</u>

(Concluded)

City of West Haven, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government				
City council	\$ 99,231	\$ 99,231	\$ 97,976	\$ 1,255
Mayor's office	343,471	343,471	337,291	6,180
Corporate counsel	610,601	610,601	620,753	(10,152)
Labor relations & personnel	172,850	172,850	168,742	4,108
Communications	295,740	295,740	211,335	84,405
Town & City Clerk	298,121	298,121	303,092	(4,971)
Registrar of voters	157,178	154,931	173,694	(18,763)
Probate court	14,520	14,520	9,466	5,054
Planning & development	388,484	388,484	391,798	(3,314)
Grants administration	67,021	67,021	67,099	(78)
Building department	531,924	531,924	499,697	32,227
Treasurer	7,600	7,600	7,600	-
Finance/Comptroller	871,566	871,566	865,755	5,811
Purchasing department	197,922	197,922	174,678	23,244
Information and technology/ data processing	552,418	552,418	487,220	65,198
Central services	249,192	249,192	206,633	42,559
Department of Assessment	434,241	434,241	434,054	187
Board of assessment appeals	4,000	4,000	3,000	1,000
Department of tax collections	423,784	423,784	382,736	41,048
Unallocated contingency	681,285	613,532	139,662	473,870
Total general government	6,401,149	6,331,149	5,582,281	748,868
Public safety				
Emergency Reporting System (ERS)	1,858,024	1,858,024	1,784,939	73,085
Public safety administration	956,677	956,677	944,250	12,427
Public safety operations	11,743,915	11,743,915	11,013,502	730,413
Public safety support	982,187	982,187	1,003,641	(21,454)
Animal control	303,910	303,910	274,396	29,514
Emergency management	16,512	16,512	16,323	189
Total public safety	15,861,225	15,861,225	15,037,051	824,174
Public works				
Administration	601,362	601,362	587,684	13,678
Bureau of engineering	191,621	191,621	193,646	(2,025)
Central garage	1,325,278	1,325,278	1,188,922	136,356
Compost site	35,001	35,001	52,767	(17,766)
Disposal of solid waste	2,981,000	2,981,000	3,027,412	(46,412)
Grounds & building maintenance	1,398,662	1,398,662	1,352,101	46,561
Highways & park maintenance	4,090,473	4,090,473	4,339,325	(248,852)
Total public works	10,623,397	10,623,397	10,741,857	(118,460)
Benefits and insurance				
City insurance	825,977	825,977	782,641	43,336
Pensions & hospitalizations	13,845,960	13,845,960	15,457,448	(1,611,488)
C-Med programs	51,526	51,526	41,844	9,682
Total benefits and insurance	14,723,463	14,723,463	16,281,933	(1,558,470)

(Continued)

City of West Haven, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Human resources and health and welfare				
Department of human resources	\$ 329,600	\$ 329,600	\$ 316,895	\$ 12,705
Department of elderly services	468,874	468,874	470,358	(1,484)
Health department	374,745	374,745	375,466	(721)
Total human resources and health and welfare	1,173,219	1,173,219	1,162,719	10,500
Board of Education	89,011,800	89,011,800	87,778,458	1,233,342
Parks and recreation	937,221	937,221	869,743	67,478
Library	1,596,000	1,596,000	1,596,000	-
Debt service	16,638,887	16,638,887	16,731,010	(92,123)
Total expenditures	156,966,361	156,896,361	155,781,052	1,115,309
Other financing uses				
Transfers out				
Public safety	-	40,000	40,000	-
Capital and nonrecurring	-	30,000	30,000	-
School lunch program	404,205	404,205	404,205	-
Ice rink	54,747	54,747	54,747	-
Ken Strong Stadium	155,829	155,829	155,829	-
Total other financing uses	614,781	684,781	684,781	-
Total expenditures and other financing uses	\$ 157,581,142	\$ 157,581,142	\$ 156,465,833	\$ 1,115,309

(Concluded)

City of West Haven, Connecticut

Report of Tax Collector
For the Year Ended June 30, 2017

Grand List Year	Uncollected Taxes July 1, 2016	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2017
			Additions	Deductions			Net Taxes Collected	Interest & Liens	Total	
2001	\$ 72,705	\$ -	\$ -	\$ 3,443	\$ -	\$ 69,262	\$ 256	\$ 1,593	\$ 1,849	\$ 69,006
2002	63,522	-	-	3,552	-	59,970	502	1,208	1,710	59,468
2003	59,233	-	86	3,885	-	55,434	537	1,192	1,729	54,897
2004	66,156	-	-	4,249	-	61,907	2,623	1,300	3,923	59,284
2005	123,015	-	-	4,779	-	118,236	31,341	11,835	43,176	86,895
2006	64,552	-	-	4,779	-	59,773	706	1,227	1,933	59,067
2007	75,020	-	-	4,779	-	70,241	5,321	2,291	7,612	64,920
2008	116,518	-	-	4,779	-	111,739	4,955	4,969	9,924	106,784
2009	133,942	-	-	4,779	-	129,163	4,956	5,334	10,290	124,207
2010	113,527	-	-	6,772	-	106,755	5,181	6,187	11,368	101,574
2011	123,131	-	73	6,866	-	116,338	4,741	7,488	12,229	111,597
2012	144,687	-	104	7,814	-	136,977	4,876	83,926	88,802	132,101
2013	766,491	-	1,268	12,966	429,568	325,225	101,620	59,248	160,868	223,605
2014	<u>1,326,104</u>	-	<u>4,439</u>	<u>38,814</u>	-	<u>1,291,729</u>	<u>440,304</u>	<u>181,116</u>	<u>621,420</u>	<u>851,425</u>
Total Prior Years	3,248,603	-	5,970	112,256	429,568	2,712,749	607,919	368,914	976,833	2,104,830
2015	-	<u>94,406,719</u>	<u>234,303</u>	<u>446,566</u>	-	<u>94,194,456</u>	<u>92,520,326</u>	<u>448,450</u>	<u>92,968,776</u>	<u>1,674,130</u>
Total	<u>\$ 3,248,603</u>	<u>\$ 94,406,719</u>	<u>\$ 240,273</u>	<u>\$ 558,822</u>	<u>\$ 429,568</u>	<u>\$ 96,907,205</u>	<u>\$ 93,128,245</u>	<u>\$ 817,364</u>	<u>\$ 93,945,609</u>	<u>\$ 3,778,960</u>

Allingtown Fire Department

The Allingtown fire department fund is used to account for all activities of the Allingtown Fire Department. The department is funded principally by property taxes, charges for services and fees and grants from other governmental units.

City of West Haven, Connecticut

**Allingtown Fire Department
Schedule of Revenues
Budget and Actual
For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes				
Current property taxes	\$ 5,090,205	\$ 5,090,205	\$ 5,133,805	\$ 43,600
Prior year property taxes	150,000	150,000	60,843	(89,157)
Interest and lien fees	-	-	52,958	52,958
PILOT- Regional Water Authority	43,546	43,546	47,471	3,925
Total property taxes	<u>5,283,751</u>	<u>5,283,751</u>	<u>5,295,077</u>	<u>11,326</u>
Intergovernmental				
PILOT- state grants	878,821	878,821	873,856	(4,965)
Miscellaneous- state	-	-	45,048	45,048
Total intergovernmental	<u>878,821</u>	<u>878,821</u>	<u>918,904</u>	<u>40,083</u>
Charges for services				
Bundle billing	10,000	10,000	7,757	(2,243)
Police/ Fire outside services	15,000	15,000	13,985	(1,015)
Fire department transportation fees	-	-	3,429	3,429
Other fees	95,650	95,650	42,492	(53,158)
Total charges for services	<u>120,650</u>	<u>120,650</u>	<u>67,663</u>	<u>(52,987)</u>
Contributions and local grants				
University of New Haven and Yale donations	100,000	100,000	100,000	-
Other revenues				
Insurance recovery	7,000	7,000	-	(7,000)
Insurance reimbursement	-	-	18,245	18,245
Total other revenues	<u>7,000</u>	<u>7,000</u>	<u>18,245</u>	<u>11,245</u>
Total revenues	<u>\$ 6,390,222</u>	<u>\$ 6,390,222</u>	<u>\$ 6,399,889</u>	<u>\$ 9,667</u>

City of West Haven, Connecticut
Allintown Fire Department
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Personnel				
Salaries	\$ 1,964,202	\$ 1,906,202	\$ 1,991,593	\$ (85,391)
Overtime and vacation pay	420,000	570,000	590,914	(20,914)
Uniforms	10,000	10,000	11,170	(1,170)
Life insurance	14,000	14,000	10,729	3,271
Pension contribution	1,726,372	1,726,372	1,649,296	77,076
Heart and Hypertension	100,000	100,000	80,943	19,057
Workers' compensation insurance	150,000	150,000	121,622	28,378
Insurance	830,000	830,000	1,099,770	(269,770)
Education incentive (EMT-Certification)	92,000	-	-	-
Social security and medicare (FICA)	21,340	21,340	27,557	(6,217)
Total personnel	5,327,914	5,327,914	5,583,594	(255,680)
Maintenance				
Building maintenance	50,000	50,000	30,447	19,553
Equipment purchase/maintenance	25,000	25,000	24,783	217
Tools	22,790	22,790	22,624	166
Radio	6,500	6,500	-	6,500
Hydrants	12,000	12,000	11,641	359
Total maintenance	116,290	116,290	89,495	26,795
Administration				
Training	40,000	40,000	19,026	20,974
Business	9,000	9,000	5,887	3,113
Financial services	12,500	12,500	20,775	(8,275)
Total administration	61,500	61,500	45,688	15,812
Utilities, insurance and equipment				
Heating	11,000	11,000	8,662	2,338
Electricity	19,000	19,000	14,479	4,521
Water	141,400	141,400	91,001	50,399
Telephone and emergency reporting system	294,224	294,224	275,007	19,217
Medical testing and equipment	16,000	16,000	20,424	(4,424)
Office supplies	6,000	6,000	3,766	2,234
Gasoline and diesel	18,000	18,000	5,794	12,206
General liability insurance	36,894	36,894	32,173	4,721
Personal computers	20,000	20,000	21,973	(1,973)
Contingency	50,000	50,000	31,426	18,574
Deficit reduction	150,000	150,000	65,547	84,453
Total utilities, insurance and equipment	762,518	762,518	570,252	192,266
Debt service	82,000	82,000	80,943	1,057
Total expenditures	6,350,222	6,350,222	6,369,972	(19,750)
Other financing uses				
Transfer out - capital improvement fund	40,000	40,000	-	40,000
Total expenditures and other financing uses	\$ 6,390,222	\$ 6,390,222	\$ 6,369,972	\$ 20,250

City of West Haven, Connecticut

Report of Tax Collector
Allingtown Fire Department
For the Year Ended June 30, 2017

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Grand List Year	Uncollected Taxes July 1, 2016	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2017
			Additions	Deductions			Net Taxes Collected	Interest & Liens	Total	
2001	\$ 6,527	\$ -	\$ -	\$ 1,001	\$ -	\$ 5,526	\$ -	\$ -	\$ -	\$ 5,526
2002	5,970	-	-	1,001	-	4,969	-	-	-	4,969
2003	5,859	-	-	966	-	4,893	-	-	-	4,893
2004	6,029	-	-	1,033	-	4,996	-	-	-	4,996
2005	18,902	-	-	1,026	-	17,876	6,576	2,258	8,834	11,300
2006	6,617	-	-	1,025	-	5,592	-	-	-	5,592
2007	28,021	-	-	1,026	-	26,995	1,634	195	1,829	25,361
2008	21,355	-	-	1,239	-	20,116	1,103	990	2,093	19,013
2009	21,978	-	-	1,291	-	20,687	1,147	1,205	2,352	19,540
2010	6,570	-	7,497	1,614	-	12,453	820	1,148	1,968	11,633
2011	16,091	-	-	1,791	-	14,300	1,246	1,841	3,087	13,054
2012	21,562	-	-	1,791	-	19,771	1,392	1,778	3,170	18,379
2013	76,016	-	146	2,640	31,561	41,961	12,914	3,909	16,823	29,047
2014	127,306	-	114	4,239	-	123,181	36,533	9,096	45,629	86,648
Total Prior Years	368,803	-	7,757	21,683	31,561	323,316	63,365	22,420	85,785	259,951
2015	-	5,172,797	10,019	7,592	-	5,175,224	5,120,275	21,368	5,141,643	54,949
Total	\$ 368,803	\$ 5,172,797	\$ 17,776	\$ 29,275	\$ 31,561	\$ 5,498,540	\$ 5,183,640	\$ 43,788	\$ 5,227,428	\$ 314,900

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital assets other than those financed by proprietary and trust funds.

City of West Haven, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Special Revenue Funds

	Community Development Block Grant	Document Preservation	Education Grants	Miscellaneous Grants	Public Safety	Health and Welfare	Savin Rock
<u>Assets</u>							
Cash	\$ 685,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net							
Intergovernmental	-	-	314,180	162,668	-	34,741	-
Loans	1,821,387	-	-	-	-	-	-
Other	-	239	-	-	310,564	3,777	893
Due from other funds	-	55,748	478,216	12,619	167,147	141,330	178,214
Other	2,363	-	-	-	-	-	-
Total assets	<u>\$ 2,509,080</u>	<u>\$ 55,987</u>	<u>\$ 792,396</u>	<u>\$ 175,287</u>	<u>\$ 477,711</u>	<u>\$ 179,848</u>	<u>\$ 179,107</u>
<u>Liabilities</u>							
Accounts payable	\$ 144,347	\$ 14,811	\$ 589,010	\$ 174,750	\$ 5,109	\$ 27,441	\$ 13,693
Due to other funds	86,396	-	-	132,738	266,662	78,655	26,833
Total liabilities	<u>230,743</u>	<u>14,811</u>	<u>589,010</u>	<u>307,488</u>	<u>271,771</u>	<u>106,096</u>	<u>40,526</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue							
Loans	1,821,387	-	-	-	-	-	-
Charges for services	-	-	-	-	43,902	-	-
Total deferred inflows of resources	<u>1,821,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,902</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Restricted	456,950	41,176	203,386	-	-	73,752	138,581
Committed	-	-	-	-	162,038	-	-
Unassigned	-	-	-	(132,201)	-	-	-
Total fund balances	<u>456,950</u>	<u>41,176</u>	<u>203,386</u>	<u>(132,201)</u>	<u>162,038</u>	<u>73,752</u>	<u>138,581</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,509,080</u>	<u>\$ 55,987</u>	<u>\$ 792,396</u>	<u>\$ 175,287</u>	<u>\$ 477,711</u>	<u>\$ 179,848</u>	<u>\$ 179,107</u>

(Continued)

City of West Haven, Connecticut
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds				Capital Project Funds			Total Nonmajor Governmental Funds
	School Lunch Program	Sports Facilities	Career and Adult Education	Total Special Revenue Funds	Brownfields	Capital and Nonrecurring	Total Capital Project Funds	
<u>Assets</u>								
Cash	\$ 1,260	\$ -	\$ -	\$ 686,590	\$ -	\$ -	\$ -	\$ 686,590
Receivables, net								
Intergovernmental	388,944	-	104	900,637	-	-	-	900,637
Loans	-	-	-	1,821,387	-	-	-	1,821,387
Other	-	-	6,121	321,594	-	-	-	321,594
Due from other funds	327,736	39,946	270,342	1,671,298	9,690	232,044	241,734	1,913,032
Other	-	-	-	2,363	-	-	-	2,363
Total assets	\$ 717,940	\$ 39,946	\$ 276,567	\$ 5,403,869	\$ 9,690	\$ 232,044	\$ 241,734	\$ 5,645,603
<u>Liabilities</u>								
Accounts payable	\$ 717,940	\$ 39,946	\$ 28,678	\$ 1,755,725	\$ 8,840	\$ 21,557	\$ 30,397	\$ 1,786,122
Due to other funds	-	-	153,739	745,023	-	77	77	745,100
Total liabilities	717,940	39,946	182,417	2,500,748	8,840	21,634	30,474	2,531,222
<u>Deferred Inflows of Resources</u>								
Unavailable revenue								
Loans	-	-	-	1,821,387	-	-	-	1,821,387
Charges for services	-	-	-	43,902	-	-	-	43,902
Total deferred inflows of resources	-	-	-	1,865,289	-	-	-	1,865,289
<u>Fund Balances</u>								
Restricted	-	-	94,150	1,007,995	850	-	850	1,008,845
Committed	-	-	-	162,038	-	210,410	210,410	372,448
Unassigned	-	-	-	(132,201)	-	-	-	(132,201)
Total fund balances	-	-	94,150	1,037,832	850	210,410	211,260	1,249,092
Total liabilities, deferred inflows of resources and fund balances	\$ 717,940	\$ 39,946	\$ 276,567	\$ 5,403,869	\$ 9,690	\$ 232,044	\$ 241,734	\$ 5,645,603

(Concluded)

City of West Haven, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Special Revenue Funds

	Community Development Block Grant	Document Preservation	Education Grants	Miscellaneous Grants	Public Safety	Health and Welfare	Savin Rock
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	841,595	-	9,437,367	460,668	44,440	828,198	287,782
Charges for services	114,413	12,791	6,560	-	1,584,615	140,125	180,158
Contributions	-	-	-	-	-	-	-
Income from investments	4,309	-	-	-	-	-	-
Miscellaneous	-	-	-	2,500	-	-	-
Total revenues	<u>960,317</u>	<u>12,791</u>	<u>9,443,927</u>	<u>463,168</u>	<u>1,629,055</u>	<u>968,323</u>	<u>467,940</u>
Expenditures							
Current							
General government	-	16,040	-	481,736	-	-	-
Public safety	-	-	-	-	1,182,483	-	-
Public works	-	-	-	10,000	-	-	-
Health and welfare	541,987	-	-	-	-	932,110	-
Parks and recreation	-	-	-	-	-	-	357,770
Education	-	-	9,798,538	-	-	-	-
Capital outlay	149,664	-	-	-	-	-	-
Total expenditures	<u>691,651</u>	<u>16,040</u>	<u>9,798,538</u>	<u>491,736</u>	<u>1,182,483</u>	<u>932,110</u>	<u>357,770</u>
Excess (deficiency) of revenues over expenditures	<u>268,666</u>	<u>(3,249)</u>	<u>(354,611)</u>	<u>(28,568)</u>	<u>446,572</u>	<u>36,213</u>	<u>110,170</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	40,000	-	-
Transfers out	-	-	-	-	(415,779)	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(375,779)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	268,666	(3,249)	(354,611)	(28,568)	70,793	36,213	110,170
Fund balances - July 1, 2016, (as restated)	<u>188,284</u>	<u>44,425</u>	<u>557,997</u>	<u>(103,633)</u>	<u>91,245</u>	<u>37,539</u>	<u>28,411</u>
Fund balances - June 30, 2017	<u>\$ 456,950</u>	<u>\$ 41,176</u>	<u>\$ 203,386</u>	<u>\$ (132,201)</u>	<u>\$ 162,038</u>	<u>\$ 73,752</u>	<u>\$ 138,581</u>

(Continued)

City of West Haven, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds				Capital Project Funds		Total Nonmajor Governmental Funds	
	School Lunch Program	Sports Facilities	Career and Adult Education	Total Special Revenue Funds	Brownfields	Capital and Nonrecurring		Total Capital Project Funds
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,326	\$ 238,326	\$ 238,326
Intergovernmental	2,541,113	-	64,903	14,506,066	1,135,457	-	1,135,457	15,641,523
Charges for services	570,484	408,925	215,092	3,233,163	-	-	-	3,233,163
Contributions	-	-	13,144	13,144	-	-	-	13,144
Income from investments	-	-	-	4,309	-	-	-	4,309
Miscellaneous	-	-	-	2,500	-	-	-	2,500
Total revenues	3,111,597	408,925	293,139	17,759,182	1,135,457	238,326	1,373,783	19,132,965
Expenditures								
Current								
General government	-	-	-	497,776	-	-	-	497,776
Public safety	-	-	-	1,182,483	-	-	-	1,182,483
Public works	-	-	-	10,000	-	-	-	10,000
Health and welfare	-	-	-	1,474,097	-	-	-	1,474,097
Parks and recreation	-	586,606	-	944,376	-	-	-	944,376
Education	3,236,181	-	396,547	13,431,266	-	-	-	13,431,266
Capital outlay	-	-	-	149,664	1,004,141	250,632	1,254,773	1,404,437
Total expenditures	3,236,181	586,606	396,547	17,689,662	1,004,141	250,632	1,254,773	18,944,435
Excess (deficiency) of revenues over expenditures	(124,584)	(177,681)	(103,408)	69,520	131,316	(12,306)	119,010	188,530
Other financing sources (uses)								
Transfers in	404,205	210,576	-	654,781	-	30,000	30,000	684,781
Transfers out	-	-	-	(415,779)	-	-	-	(415,779)
Net other financing sources (uses)	404,205	210,576	-	239,002	-	30,000	30,000	269,002
Net change in fund balances	279,621	32,895	(103,408)	308,522	131,316	17,694	149,010	457,532
Fund balances - July 1, 2016, (as restated)	(279,621)	(32,895)	197,558	729,310	(130,466)	192,716	62,250	791,560
Fund balances - June 30, 2017	\$ -	\$ -	\$ 94,150	\$ 1,037,832	\$ 850	\$ 210,410	\$ 211,260	\$ 1,249,092

(Concluded)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations or other governments.

Agency Funds

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

City of West Haven, Connecticut

Agency Fund
 Student Activity Funds
 Statement of Changes in Assets and Liability
 For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Assets</u>				
Cash	\$ 251,416	\$ 891,927	\$ 861,336	\$ 282,007
<u>Liability</u>				
Accounts payable	\$ 251,416	\$ 891,927	\$ 861,336	\$ 282,007

Trend Information

City of West Haven, Connecticut

**Net Position by Component
Last Ten Years
(Unaudited)**

	For the Fiscal Year Ended									
	2017	2016 (as restated)	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 113,820,843	\$ 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	1,008,845	1,450,430	199,656	143,257	240,190	164,562	233,921	602,822	319,210	1,397,482
Unrestricted	<u>(312,365,310)</u>	<u>(323,319,157)</u>	<u>(153,446,871)</u>	<u>(82,442,903)</u>	<u>(64,127,305)</u>	<u>(53,593,398)</u>	<u>(42,546,305)</u>	<u>(22,031,405)</u>	<u>(11,821,432)</u>	<u>(7,769,825)</u>
Total net position	<u>\$ (197,535,622)</u>	<u>\$ (211,703,435)</u>	<u>\$ (49,460,739)</u>	<u>\$ 10,715,740</u>	<u>\$ 19,383,391</u>	<u>\$ 15,946,758</u>	<u>\$ 18,953,772</u>	<u>\$ 35,793,662</u>	<u>\$ 40,948,501</u>	<u>\$ 41,650,879</u>

City of West Haven, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

Fiscal Year Ended

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
General government	\$ 9,351,824	\$ 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	30,531,663	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	21,665,363	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
Human resources and health and welfare	3,694,157	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
Library and other	1,596,000	1,778,657	1,798,324	1,867,189	1,603,717	1,603,717	1,603,717	1,978,359	2,038,883	-
Parks and recreation	2,310,370	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	120,668,671	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
Interest expense	3,295,938	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 expenses	193,113,986	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 revenues										
Charges for services										
General government	2,018,005	830,937	742,464	655,798	551,292	585,478	506,594	1,075,493	1,494,083	1,294,789
Public safety	2,723,298	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	9,489,397	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
Human resources and health and welfare	191,118	335,370	334,002	289,573	223,963	220,959	1,005,016	184,970	338,981	235,940
Parks and recreation	914,321	904,347	958,168	950,469	1,060,204	911,020	905,706	901,411	831,258	931,838
Education	796,945	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	78,204,022	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	4,397,033	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 program revenues	98,734,139	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	(94,379,847)	(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 and other changes in net position										
Property taxes	100,126,868	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	8,192,236	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	11,508	6,718	7,766	8,491	12,968	19,877	29,048	58,032	172,748	573,161
Gain on sale of capital assets	-	-	-	-	451,999	-	-	-	-	-
Transfers	-	-	1,448,500	59,274	-	-	-	-	-	-
Miscellaneous	217,048	1,043,784	278,459	579,405	247,020	847,822	579,440	-	-	-
Total general revenues	108,547,660	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
Change in net position	\$ 14,167,813	\$ 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

City of West Haven, Connecticut
Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

For the Fiscal Year Ended June 30

	2017	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	<u>(18,138,674)</u>	<u>(16,888,415)</u>	<u>(16,313,098)</u>	<u>(10,254,844)</u>	<u>(13,313,968)</u>	<u>(14,471,990)</u>	<u>(11,544,797)</u>	<u>(13,768,153)</u>	<u>(5,896,031)</u>	<u>(4,864,673)</u>
Total general fund	<u>(18,138,674)</u>	<u>(16,736,064)</u>	<u>(10,197,097)</u>	<u>(8,493,995)</u>	<u>(7,776,649)</u>	<u>(10,536,666)</u>	<u>(10,551,230)</u>	<u>(10,739,978)</u>	<u>(4,834,577)</u>	<u>(4,864,673)</u>
All other governmental funds										
Nonspendable	-	149,832	2,079,171	-	-	-	-	-	-	-
Restricted	1,008,845	1,450,430	199,656	200,587	240,190	164,562	233,921	602,822	319,210	1,397,482
Committed	1,387,873	-	-	402,098	474,174	222,133	4,146	4,146	4,146	4,146
Unassigned	<u>(866,460)</u>	<u>(2,661,727)</u>	<u>(9,734,429)</u>	<u>(8,781,547)</u>	<u>(9,274,093)</u>	<u>(31,937,625)</u>	<u>(23,863,693)</u>	<u>(7,910,482)</u>	<u>(13,937,730)</u>	<u>(13,259,983)</u>
Total all other governmental funds	<u>1,530,258</u>	<u>(1,061,465)</u>	<u>(7,455,602)</u>	<u>(8,178,862)</u>	<u>(8,559,729)</u>	<u>(31,550,930)</u>	<u>(23,625,626)</u>	<u>(7,303,514)</u>	<u>(13,614,374)</u>	<u>(11,858,355)</u>
Grand total	<u>\$ (16,608,416)</u>	<u>\$ (17,797,529)</u>	<u>\$ (17,652,699)</u>	<u>\$ (16,672,857)</u>	<u>\$ (16,336,378)</u>	<u>\$ (42,087,596)</u>	<u>\$ (34,176,856)</u>	<u>\$ (18,043,492)</u>	<u>\$ (18,448,951)</u>	<u>\$ (16,723,028)</u>

City of West Haven, Connecticut
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

For the Fiscal Year Ended June 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Property taxes	\$ 99,833,820	\$ 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	90,254,995	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	18,734,961	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
Contributions	113,144	6,718	7,766	8,491	226,150	2,000	15,123	-	-	-
Income from investments	11,508	178,812	116,280	76,150	12,968	19,877	29,048	58,032	172,748	573,161
Miscellaneous	642,200	628,784	237,909	579,405	247,020	843,307	3,579,440	1,935,834	3,070,073	1,943,957
Total revenues	209,590,628	208,008,065	197,015,593	191,811,803	188,356,967	178,105,441	175,964,237	172,694,001	171,474,805	165,587,127
Expenditures										
Current										
General government	6,085,057	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	22,508,563	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	17,698,206	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	16,281,933	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	2,636,816	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 and other	1,596,000	1,596,000	1,630,001	1,630,000	1,603,717	1,603,717	1,810,410	1,751,335	1,751,335	1,927,079
Parks and recreation	1,814,119	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	117,578,132	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	11,500,844	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	14,481,595	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	4,184,845	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	216,366,110	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 (deficiency) of revenues over expenditures	(6,775,482)	(235,478)	(14,326,080)	(6,505,753)	(2,950,885)	(11,474,095)	(16,133,364)	(11,605,931)	(1,725,923)	(2,221,162)
Other financing sources (uses)										
Issuance of refunding debt	-	-	38,715,000	-	-	47,410,000	-	7,420,000	-	-
Payment to refunded bond escrow agent	-	-	(38,377,921)	(6,392,319)	-	(51,024,942)	-	(7,366,610)	-	-
Issuance of debt	9,635,000	-	10,945,544	-	28,250,103	3,685,000	-	11,716,000	-	-
Capital leases	-	-	615,118	-	-	286,925	-	242,000	-	-
Premium	-	-	-	-	-	4,523,571	-	-	-	-
Sale of capital assets	308,450	415,000	1,448,500	-	452,000	4,515	-	-	-	-
Transfers in	2,481,646	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	(2,481,646)	(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)
Net other financing sources (uses)	9,943,450	90,648	13,346,241	(6,333,045)	28,702,103	4,885,069	-	12,011,390	-	-
Net change in fund balances	\$ 3,167,968	\$ (144,830)	\$ (9,167,903)	\$ (12,838,798)	\$ 25,751,218	\$ (6,589,026)	\$ (16,133,364)	\$ 405,459	\$ (1,725,923)	\$ (2,221,162)
Debt service as a percentage of noncapital expenditures	9.11%	8.59%	12.45%	11.03%	9.88%	10.70%	10.85%	10.36%	10.87%	11.68%

City of West Haven, Connecticut
Property Tax Rates, Levies and Collections
City
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Tax Rate in Mills	Grand List of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			Current Delinquent Balance
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	
2017	35.26	2015	\$ 94,194,456	\$ 92,520,326	98.22%	\$ -	\$ 92,520,326	98.22%	\$ 1,674,130
2016	31.25	2014	89,720,548	88,555,278	98.70%	313,845	88,869,123	99.05%	851,425
2015	31.25	2013	88,651,979	87,340,812	98.52%	1,087,562	88,428,374	99.75%	223,605
2014	31.25	2012	88,395,137	86,723,519	98.11%	1,539,517	88,263,036	99.85%	132,101
2013	31.25	2011	88,111,713	86,410,454	98.07%	1,589,662	88,000,116	99.87%	111,597
2012	31.25	2010	87,970,800	86,085,641	97.86%	1,783,585	87,869,226	99.88%	101,574
2011	27.96	2009	84,116,342	82,892,466	98.55%	1,099,669	83,992,135	99.85%	124,207
2010	27.96	2008	84,226,337	82,862,226	98.38%	1,257,327	84,119,553	99.87%	106,784
2009	27.96	2007	84,118,885	82,646,635	98.25%	1,407,330	84,053,965	99.92%	64,920
2008	27.96	2006	85,753,931	83,632,811	97.53%	2,062,053	85,694,864	99.93%	59,067

Source: Tax Collector

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

City of West Haven, Connecticut
Property Tax Rates, Levies and Collections
Allingtown Fire Department
Last Five Years (2)
(Unaudited)

Year Ended June 30	(1) Tax Rate in Mills	Grand List of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			Current Delinquent Balance
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	
2017	11.07	2015	\$ 5,175,224	\$ 5,120,275	98.94%	-	\$ 5,120,275	98.94%	\$ 54,949
2016	9.44	2014	5,420,240	5,292,934	97.65%	40,658	5,333,592	98.40%	86,648
2015	8.63	2013	4,887,391	4,762,781	97.45%	95,563	4,858,344	99.41%	29,047
2014	8.38	2012	4,526,447	4,393,485	97.06%	114,583	4,508,068	99.59%	18,379
2013	8.38	2011	4,727,093	4,596,111	97.23%	117,928	4,714,039	99.72%	13,054

Source: Tax Collector

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

(2) Allingtown Fire Department became part of the City's reporting entity in fiscal year 2013.

City of West Haven, Connecticut

Ratios of Outstanding Debt by Type
Last Ten Years
(Unaudited)

Year Ended June 30	General Obligation Bonds	Permanently Financed Bond Anticipation Notes	Pension Bonds	Premium	Notes Payable	Capital Leases	Total	Population (1)	Debt Per Capita
2017	\$ 53,230,000	\$ 9,635,000	\$ 26,270,000	\$ 1,795,429	\$ 26,156,625	\$ 229,399	\$ 117,316,453	54,516	\$ 2,151.96
2016	60,630,000	-	30,865,000	2,244,286	28,420,612	452,007	122,611,905	56,172	2,182.79
2015	67,705,000	-	34,565,000	2,693,143	30,653,196	688,487	136,304,826	56,172	2,426.56
2014	67,315,000	6,110,000	36,125,000	3,142,000	31,352,242	289,039	144,333,281	55,046	2,622.05
2013	74,505,000	-	39,620,000	748,825	34,968,403	143,563	149,985,791	55,404	2,707.13
2012	80,910,000	-	42,950,000	811,227	8,333,048	186,812	133,191,087	55,477	2,400.83
2011	86,620,000	-	46,120,000	-	9,916,831	78,925	142,735,756	55,662	2,564.33
2010	93,731,000	-	49,145,000	-	11,470,330	157,849	154,504,179	53,007	2,914.79
2009	88,210,000	-	52,040,000	-	12,994,134	43,152	153,287,286	52,420	2,924.21
2008	94,585,000	-	54,815,000	-	14,488,783	178,047	164,066,830	52,676	3,114.64

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

(1) Per Connecticut State Department of Health

City of West Haven, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
For the Year Ended June 30, 2017
(Unaudited)

Tax Base:

City Tax Collections	\$ 93,945,609
Allingtown Fire Department Tax Collections	5,227,428
West Shore Fire District Tax Collections	7,386,094
First Fire District Tax Collections	<u>11,142,858</u>
Total tax collections (including interest and lien fees) for current year and base for debt limitation computation	<u>\$ 117,701,989</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 264,829,475	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	529,658,951	-	-	-
3 3/4 times base	-	-	441,382,459	-	-
3 1/4 times base	-	-	-	382,531,464	-
3 times base	-	-	-	-	353,105,967
Total debt limitation	<u>264,829,475</u>	<u>529,658,951</u>	<u>441,382,459</u>	<u>382,531,464</u>	<u>353,105,967</u>
Indebtedness:					
Bonds payable	33,960,447	18,458,553	811,000	-	-
Taxable bonds payable	-	-	-	-	26,270,000
Notes payable	-	-	26,156,625	-	-
Bond anticipation notes - permanently financed	<u>5,815,000</u>	<u>600,000</u>	<u>3,220,000</u>	-	-
Total indebtedness	<u>39,775,447</u>	<u>19,058,553</u>	<u>30,187,625</u>	<u>-</u>	<u>26,270,000</u>
Debt limitation in excess of outstanding debt	<u>\$ 225,054,028</u>	<u>\$ 510,600,398</u>	<u>\$ 411,194,834</u>	<u>\$ 382,531,464</u>	<u>\$ 326,835,967</u>
The total net indebtedness above amounts to:					<u>\$ 115,291,625</u>
In no event shall total indebtedness exceed seven time the base for debt limitation computation:					<u>\$ 823,913,923</u>