

City of West Haven, Connecticut

Annual Financial Report
June 30, 2014

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Introductory Section

City of West Haven, Connecticut

Principal Officials
June 30, 2014

Mayor

Edward M. O'Brien

City Council

- Nicholas Pascale, Chairman
- Stephen W. DeCrescenzo
- Gail S. Burns
- Nicholas Ruickoldt
- Ralph Eberle
- Tracy Morrissey
- James P. O'Brien
- David Riccio
- Nancy Rossi
- Sean P. Ronan
- Mitchell Galignano
- Brent Watt
- Michael P. Last

Administration

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

Board of Education

Neil C. Cavallaro, Superintendent of Schools

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Financial Section



Independent Auditor's 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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions, the schedule of the City's net pension liability and related ratios, and the budgetary comparison information, 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.

Other Information

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

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

The introductory and 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 April 10, 2015, on our consideration of the City of West Haven, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "*Government Auditing Standards*" in considering the City of West Haven, Connecticut's internal control over financial reporting and compliance.



New Haven, Connecticut
April 10, 2015

City of West Haven, Connecticut

Management's Discussion and Analysis - Unaudited

June 30, 2014

As management of the City of West Haven, Connecticut, we offer readers of the City of West Haven's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014.

Financial Highlights

- On a government-wide basis, the assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,715,740 (net position). Unrestricted net position (deficits), the amount that should be available to meet the City's ongoing obligations to citizens and creditors, was a deficit balance of \$(82,442,903) at June 30, 2014.
- On a government-wide basis, the City's total net position decreased by \$8,667,651. The most significant factors contributing to the decrease were the decreases in net pension asset of \$7,896,557, increases of OPEB obligations of \$5,883,076 and various other accrual increases.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending deficit fund balances of \$(16,672,857), a decrease of \$336,479 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was a deficit of \$(8,493,995). This deficit increased by \$717,346 from the prior year. Almost 60% of \$717,346 is attributable to an increase in aged Workers' Compensation Claims. A refunding plan that would have eliminated the City's long standing deficit was rejected by City Council.
- The City of West Haven's total bond/note debt decreased by a net of \$8,191,161 (5.5%) during the current fiscal year due to scheduled principal payments made during the year.

Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

Proprietary funds. The City maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insured medical benefits, general liability and workers' compensation. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The data for the internal service funds is provided in Exhibits H, I, and J of this report.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$10,715,740.

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

City of West Haven, Connecticut Summary Statement of Net Position

	June 30, 2014	June 30, 2013
Current and Other Assets	\$ 59,181,282	\$ 62,442,824
Capital Assets	200,610,073	196,797,495
Total assets	259,791,355	259,240,319
Deferred Outflows of Resources	741,960	3,434,430
Long-Term Liabilities Outstanding	211,945,604	184,194,812
Other Liabilities	30,499,151	52,227,686
Total liabilities	242,444,755	236,422,498
Deferred Inflows of Resources	7,372,820	3,434,430
Net Investment in Capital Assets	93,015,386	83,270,506
Restricted	143,257	240,190
Unrestricted	(82,442,903)	(64,127,305)
Total net position	\$ 10,715,740	\$ 19,383,391

An additional portion of the City's net position of \$143,257 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(82,442,903).

The City's net position decreased by \$8,667,651 during the current fiscal year. The most significant factors contributing to the decrease was the decreases in net pension asset of \$7,896,557, increases of OPEB obligations of \$5,883,076 and various other accrual increases

City of West Haven, Connecticut
Changes in Net Assets

	Year Ended June 30, 2014	Year Ended June 30, 2013
Revenues		
Program revenues:		
Charges for services	\$ 18,517,641	\$ 15,387,250
Operating grants and contributions	68,763,572	64,923,248
Capital grants and contributions	3,365,792	5,134,306
General revenues:		
Property taxes	93,549,828	94,905,686
Grants not restricted to specific purposes	7,369,539	8,820,355
Investment income	8,491	12,968
Gain on sale of assets	59,274	451,999
Miscellaneous	579,405	247,020
Total revenues	192,213,542	189,882,832
Expenses		
General Government	7,987,973	9,896,396
Public Safety	34,391,960	37,158,465
Public Works	21,635,683	18,615,619
Health and Welfare	2,540,066	2,478,153
Parks and Recreation	1,959,279	2,090,380
Education	123,106,721	106,168,675
Library	1,867,189	1,603,717
Interest expense	7,392,322	6,358,021
Total expenses	200,881,193	184,369,426
Changes in net assets	(8,667,651)	5,513,406
Net Position, July 1	19,383,391	13,869,985
Net Position, June 30	\$ 10,715,740	\$ 19,383,391

- Operating grants and contributions increased by \$3,840,324 mainly due to the Campbell Avenue Project.
- Property taxes revenue decreased \$1,355,858 mainly due to the slower collection rate on older property tax receivables.
- Grants and contributions not restricted to specific programs decreased by \$1,450,816 mainly due to the slight decreases in all state grants in the current year.
- Education expenses increased by \$16,938,046 mainly due to an increase in the budget for the current year of approximately \$2.74 million, increase in grants and other expenditures.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending deficit fund balances of \$(16,672,857), an increase in the deficit of \$336,479 in comparison with the prior year. The increase in the deficit was due substantially to the increased expenditures in the current year.

Unassigned fund balance totals (\$19,036,431), which includes the \$(10,254,884) from the General Fund, \$(3,160,489) for the Capital Improvement Fund and \$(1,899,227) for the Allingtown Fire District. The remainder of the fund balance is not available for appropriation or spending by the City and is classified as follows: Nonspendable \$1,760,889, Restricted \$200,587 and Committed \$402,098.

The *General Fund* is the operating fund of the City. At the end of the current fiscal year, unassigned deficit fund balance of the General Fund was \$(10,254,884), while total deficit fund balance was \$(8,493,995).

The *Capital Improvement Fund* recorded intergovernmental revenues totaling \$3,079,251 during the year. Expenditures totaled \$7,047,916 for capital outlay. The fund balance increased by \$2,203,811 to \$(3,160,489) at June 30, 2014. The deficit will be eliminated when all of the bond anticipation notes are permanently financed.

The *Allingtown Fire District* Fund recorded property tax revenue of \$4,707,200. Expenditures in the fund totaled \$5,727,701. The deficit fund balance increased by \$344,490 to \$(1,899,227) at June 30, 2014.

Proprietary fund. Unrestricted net position of the Internal Service Funds at the end of the year amounted to a deficit fund balance of \$(11,478,069), an increase of \$2,569,276 from the balance at June 30, 2013 of \$(8,908,793). This decrease is mainly due to claims for workers' compensation.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget. Significant budgetary variances were as follows:

- After excluding the Capital and Nonrecurring transfer, property tax revenues were under budget by \$1,147,222 primarily due to lower than expected collection of the prior year delinquent taxes and less than expected lien sales.
- Intergovernmental revenues were over budget by \$1,093,584 primarily due to student based excess cost and school transportation grants coming in over budget by \$1.363 million, partially offset by education cost sharing proceeds coming in under budget by \$312k.
- Benefits and insurance was over budget by \$431,517 due to an increase in Workers' Compensation claims.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$199,572,237 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, building and improvements, vehicles, machinery and equipment, and infrastructure. The increase in the City's net capital assets for the current fiscal year was \$2,774,742 or 1.4%.

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

- Construction in progress increased \$5,031,993 mainly due to Campbell Avenue project.

**City of West Haven, Connecticut
Capital Assets - Net**

	June 30, 2014	June 30, 2013
Land	\$ 16,319,189	\$ 16,356,092
Construction in Progress	14,104,533	9,072,540
Land Improvements	9,414,327	9,090,421
Buildings and Improvements	107,551,065	109,048,917
Vehicles	1,540,899	1,811,988
Machinery and Equipment	7,052,791	7,562,504
Infrastructure	43,589,433	43,855,033
Total	\$ 199,572,237	\$ 196,797,495

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

Long-term debt. At the end of the current fiscal year, the City had total bonds and notes outstanding of \$140,902,242. The debt is backed by the full faith and credit of the City.

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

	June 30, 2014	June 30, 2013
General Obligation Bonds	\$ 109,550,000	\$ 114,125,000
Clean Water Notes Payable	31,352,242	34,968,403
Total long term debt	\$ 140,902,242	\$ 149,093,403

The City's total debt decreased by \$8,191,161 (5.5%) during the current fiscal year due to scheduled principal payments.

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

The City's short-term debt decreased to \$2,235,000 during the year due to the issuance of bond anticipation notes related to the various construction projects. In addition, the Clean Water interim funding obligation increased from \$366,036 to \$876,522 due to issuance of clean water notes.

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 \$653,289,371, 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

- The unemployment rate for the City was 8.3%, which is a decrease from last year's rate of 10.0%. This is comparable to the state's average unemployment rate of 6.6%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2015 fiscal year.

Requests for Information

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

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Basic Financial Statements

Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 16,758,960
Receivables, net:	
Property taxes	6,339,235
Sewer use	2,597,628
Intergovernmental	1,002,236
Loan	2,151,180
Other	942,436
Due to fiduciary funds	324,352
Net pension asset	29,065,255
Capital assets:	
Capital assets, nondepreciable	30,460,625
Capital assets, net of accumulated depreciation	170,149,448
Total assets	\$ 259,791,355
Deferred Outflows of Resources	
Deferred charge on refunding	741,960
Total deferred outflows of resources	741,960
Liabilities	
Accounts payable	\$ 20,902,632
Accrued payroll and related liabilities	4,110,775
Accrued interest payable	1,967,138
Unearned revenue	82,319
Bond anticipation notes and interim funding obligation	3,201,522
Other	234,765
Long-term liabilities:	
Due within one year	21,546,838
Due in more than one year	190,398,766
Total current liabilities	242,444,755
Deferred Inflows of Resources	
Advance collections	7,372,820
Total deferred inflows of resources	7,372,820
Net Position	
Net investment in capital assets	93,015,386
Restricted for:	
Health and Welfare	143,257
Unrestricted	(82,442,903)
Total net position	\$ 10,715,740

See Notes to Financial Statements.

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General Government	\$ 7,987,973	\$ 655,798	\$ 2,000	\$ -	\$ (7,330,175)
Public Safety	34,391,960	2,130,821	485,898	-	(31,775,241)
Public Works	21,635,683	13,470,649	999,027	3,365,792	(3,800,215)
Health and Welfare	2,540,066	289,573	996,413	-	(1,254,080)
Parks and Recreation	1,959,279	950,469	38,836	-	(969,974)
Education	123,106,721	1,020,331	66,241,398	-	(55,844,992)
Library	1,867,189	-	-	-	(1,867,189)
Interest expense	7,392,322	-	-	-	(7,392,322)
Total governmental activities	\$ 200,881,193	\$ 18,517,641	\$ 68,763,572	\$ 3,365,792	(110,234,188)
General revenues:					
Property taxes					93,549,828
Grants and contributions not restricted to specific programs					7,369,539
Investment income					8,491
Transfers					59,274
Miscellaneous					579,405
Total general revenues					101,566,537
Change in net position					(8,667,651)
Net Position - July 1, 2013					19,383,391
Net Position - June 30, 2014					\$ 10,715,740

See Notes to Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	Allingtown Fire District Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 16,555,974	\$ -	\$ -	\$ 202,986	\$ 16,758,960
Receivables, net:					
Property taxes	5,788,577	550,658	-	-	6,339,235
Sewer use	-	-	-	2,597,628	2,597,628
Intergovernmental	310,267	-	-	691,969	1,002,236
Loan	-	-	-	2,151,180	2,151,180
Other	516,760	3,572	10,629	215,475	746,436
Due from other funds	-	-	1,301,913	1,225,218	2,527,131
Advances to other funds	1,760,849	-	-	-	1,760,849
Total assets	\$ 24,932,427	\$ 554,230	\$ 1,312,542	\$ 7,084,456	\$ 33,883,655
Liabilities					
Accounts Payable	12,243,953	291,360	2,136,924	2,565,009	17,237,246
Accrued Payroll	4,110,775	-	-	-	4,110,775
Due to Other Funds	5,013,673	-	-	658,492	5,672,165
Unearned Revenue	30,777	-	11,107	40,435	82,319
Bond Anticipation Notes	-	-	2,325,000	-	2,325,000
Interim Funding Obligation	-	-	-	876,522	876,522
Other	170,275	64,490	-	-	234,765
Advances from Other Funds	-	1,230,125	-	530,724	1,760,849
Total liabilities	21,569,453	1,585,975	4,473,031	4,671,182	32,299,641
Deferred Inflows of Resources					
Unavailable revenue - property taxes	5,340,500	517,408	-	-	5,857,908
Advanced property tax collections	6,417,928	350,074	-	-	6,768,002
Advanced collections	-	-	-	604,818	604,818
Unavailable revenue-loans	-	-	-	2,151,180	2,151,180
Unavailable revenue-charges for services	98,541	-	-	2,776,422	2,874,963
Total deferred inflows of resources	11,856,969	867,482	-	5,532,420	18,256,871
Fund Balances (Deficits)					
Nonspendable	1,760,849	-	-	-	1,760,849
Restricted	-	-	-	200,587	200,587
Committed	-	-	-	402,098	402,098
Unassigned (deficits)	(10,254,844)	(1,899,227)	(3,160,489)	(3,721,831)	(19,036,391)
Total fund balances (deficits)	(8,493,995)	(1,899,227)	(3,160,489)	(3,119,146)	(16,672,857)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 24,932,427	\$ 554,230	\$ 1,312,542	\$ 7,084,456	\$ 33,883,655

(Continued)

**Reconciliation of Fund Balance to Net Position of Governmental Activities
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (deficit) (Exhibit C, Page 1)	\$ (16,672,857)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	359,737,975
Less accumulated depreciation	<u>(159,127,902)</u>
Net capital assets	<u>200,610,073</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds:	
Property tax and interest and lien fees	5,857,908
Sewer use and other	2,874,963
Loans	<u>2,151,180</u>
	<u>10,884,051</u>
Net pension asset	29,065,255
Internal service funds are used by management to charge the cost of medical insurance to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>(11,478,069)</u>
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(140,902,242)
Capital leases - City	(271,152)
Capital leases - Allingtown Fire District	(17,887)
Deferred charge on refunding	741,960
Bond premium	(3,142,000)
Claims and judgements	(1,742,000)
Heart and hypertension - City	(6,387,643)
Heart and hypertension - Allingtown Fire District	(19,250)
Compensated absences - City	(14,565,066)
Compensated absences - Allingtown Fire District	(490,892)
Net OPEB obligation - City	(29,391,508)
Net OPEB obligation - Allingtown Fire District	(3,537,895)
Accrued interest payable	<u>(1,967,138)</u>
Net position of governmental activities	<u>\$ 10,715,740</u>

See Notes to Financial Statements.

(Concluded)

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Allingtown Fire District Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 89,495,114	\$ 4,707,200	\$ -	\$ -	\$ 94,202,314
Intergovernmental	65,232,537	410,586	3,079,251	10,664,132	79,386,506
Charges for services	3,365,573	193,164	61,099	13,939,101	17,558,937
Contributions	-	12,987	-	63,163	76,150
Income from investments	4,839	-	1,377	2,275	8,491
Other	579,405	-	-	-	579,405
Total revenues	158,677,468	5,323,937	3,141,727	24,668,671	191,811,803
Expenditures					
Current:					
General Government	5,731,349	2,381	-	3,736	5,737,466
Public Safety	14,167,708	5,598,272	-	900,202	20,666,182
Public Works	10,737,189	-	-	6,620,733	17,357,922
Benefits and Insurance	13,602,831	-	-	-	13,602,831
Health and Welfare	1,100,338	-	-	846,647	1,946,985
Library and other	1,630,000	-	-	-	1,630,000
Parks and Recreation	870,444	-	-	693,507	1,563,951
Education	95,107,522	-	-	10,404,691	105,512,213
Capital outlay	-	127,048	7,047,916	2,299,415	9,474,379
Debt service:					
Principal retirement	11,961,337	-	-	3,252,423	15,213,760
Interest Expense and Fiscal Charges	5,611,867	-	-	-	5,611,867
Total expenditures	160,520,585	5,727,701	7,047,916	25,021,354	198,317,556
Revenues over (under) expenditures	(1,843,117)	(403,764)	(3,906,189)	(352,683)	(6,505,753)
Other Financing Sources (Uses)					
Issuance of bond anticipation notes	-	-	6,110,000	-	6,110,000
Transfers in	2,150,518	59,274	-	1,026,088	3,235,880
Transfers out	(1,024,747)	-	-	(2,151,859)	(3,176,606)
Total other financing sources (uses)	1,125,771	59,274	6,110,000	(1,125,771)	6,169,274
Change in fund balances (deficits)	(717,346)	(344,490)	2,203,811	(1,478,454)	(336,479)
Fund Balances (Deficits), beginning	(7,776,649)	(1,554,737)	(5,364,300)	(1,640,692)	(16,336,378)
Fund Balances (Deficits), ending	\$ (8,493,995)	\$ (1,899,227)	\$ (3,160,489)	\$ (3,119,146)	\$ (16,672,857)

See Notes to Financial Statements.

**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, 2014**

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

Net change in fund balances (deficits) - total governmental funds (Exhibit D)	<u>\$ (336,479)</u>
---	---------------------

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	9,260,326
Depreciation expense	<u>(5,447,748)</u>
Total	<u>3,812,578</u>

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

Change in property taxes, sewer use and community development block grant receivable including interest - accrual basis change	359,914
Other receivable	<u>(17,449)</u>
Total	<u>342,465</u>

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

Debt issued or incurred:	
Issuance of debt	(6,110,000)
Principal repayments:	
General obligation bonds/notes	14,301,161
Capital lease payable - City	(175,579)
Capital lease payable - Allingtown	30,103
Total	<u>8,045,685</u>

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to Statement of Activities (Continued)
For the Year Ended June 30, 2014**

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:

Net pension asset	(7,896,557)
Heart and hypertension - City	(922,096)
Compensated absences - City	(1,150,859)
Compensated absences - Allingtown Fire District	82,241
Net OPEB obligation - City	(5,146,609)
Net OPEB obligation - Allingtown	(736,467)
Claims payable	(1,500,000)
Accrued interest payable	(132,396)
Deferred charges	(1,008,738)
Bond premium	448,857
Total	<u>(17,962,624)</u>

Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments

(2,569,276)

Change in Net Position of Governmental Activities (Exhibit B)

\$ (8,667,651)

See Notes to Financial Statements.

(Concluded)

Statement of Net Position - Internal Service Funds
June 30, 2014

	Governmental Activities
	<u>Internal Service Funds</u>
Assets	
Accounts Receivable	\$ 196,000
Due from Other Funds	<u>3,517,011</u>
Total assets	<u><u>3,713,011</u></u>
Liabilities	
Current Liabilities	
Accounts payable	3,665,386
Claims and judgments payable	3,951,666
Due to other funds	<u>47,625</u>
Total current liabilities	<u><u>7,664,677</u></u>
Noncurrent Liability	
Claims and judgments payable	<u>7,526,403</u>
Total liabilities	<u><u>15,191,080</u></u>
Fund Net Position	
Unrestricted (deficit)	<u><u>\$ (11,478,069)</u></u>

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds
For the Year Ended June 30, 2014**

	Governmental Activities
	<u>Internal Service Funds</u>
Operating Revenues	
Charges for services	\$ 26,249,865
Total operating revenues	<u>26,249,865</u>
Operating Expenses	
Claims incurred	25,528,990
Administration	3,290,151
Total operating expenses	<u>28,819,141</u>
Change in net position	(2,569,276)
Net Position (Deficit) - July 1, 2013	<u>(8,908,793)</u>
Net Position (Deficit) - June 30, 2014	<u>\$ (11,478,069)</u>

See Notes to Financial Statements.

**Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2014**

	Governmental Activities
	Internal Service Funds
Cash Flows From Operating Activities	
Cash received for charges for services	\$ 26,246,467
Cash paid for benefits and claims	(22,956,316)
Cash paid for administration	(3,290,151)
Net cash provided by (used in) operating activities	<u>-</u>
Cash - July 1, 2013	<u>-</u>
Cash, June 30, 2014	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used in) Operating Activities:	
Operating income (loss)/change in net position	\$ (2,569,276)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	(3,398)
Due from other funds	(3,009,340)
Increase (decrease) in:	
Claims payable	2,569,276
Accounts payable	3,008,257
Due to other funds	4,481
Net cash provided by (used in) operating activities	<u>\$ -</u>

See Notes to Financial Statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash	\$ 2,857,716	\$ 76,013	\$ 260,644
Investments, at fair value			
Mutual funds:			
Money market	33,356	-	-
Equity	42,349,114	-	-
Common stock	44,435,232	-	-
Corporate bonds	13,372,998	-	-
U.S. government securities	1,081,551	-	-
U.S. government agency securities	671,940	-	-
Private equity limited partnerships	14,780,346	-	-
Fixed income funds	1,178,178	-	-
Annuities	3,192,396	-	-
Total investments	121,095,111	-	-
Interest and Dividends Receivable	175,430	-	-
Total assets	124,128,257	76,013	260,644
Liabilities			
Accounts Payable	-	-	260,644
Due to Other Funds	324,352	-	-
Total liabilities	324,352	-	260,644
Net Position			
Restricted for Pension and Other Purposes	\$ 123,803,905	\$ 76,013	\$ -

See Notes to Financial Statements.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2014

	Pension Trust Funds	Private Purpose Trust Funds
<hr/>		
Additions		
Contributions:		
Employer	\$ 2,675,933	\$ -
Plan Members	736,151	-
Total contributions	<u>3,412,084</u>	<u>-</u>
Investment income:		
Change in fair value of investments	11,681,996	-
Interest and dividends	3,034,265	9,648
Total investment income	<u>14,716,261</u>	<u>9,648</u>
Less investment expenses	<u>768</u>	<u>-</u>
Net investment income	<u>14,715,493</u>	<u>9,648</u>
Total additions	<u>18,127,577</u>	<u>9,648</u>
Deductions		
Benefits	7,533,384	-
Administration	487,906	-
Awards	-	8,009
Transfers Out	59,274	-
Total deductions	<u>8,080,564</u>	<u>8,009</u>
Changes in net position	10,047,013	1,639
Net Position - July 1, 2013	<u>113,756,892</u>	<u>74,374</u>
Net Position - June 30, 2014	<u>\$ 123,803,905</u>	<u>\$ 76,013</u>

See Notes to Financial Statements.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity: The City of West Haven, Connecticut (the "City") operates under a Mayor-Council form of government established by a charter and adopted by a referendum of voters on June 27, 1961. The City offers a full range of services authorized by the charter, including public safety, public works, social services, parks and recreation, education, planning, zoning and general administrative services to its residences. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

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

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

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

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

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented as of July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were required to be reclassified to Deferred Outflows of Resources. In addition, amounts previously classified as deferred revenue were reclassified as deferred inflows of resources.

GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, issued in June 2012, was effective for the City's Pension Plans as of July 1, 2013. This statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *Statement No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The implementation of this statement had a material impact on the disclosures for the City's defined benefit plans that are reported as Pension Trust funds in the financial statements. See Note 3.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the City's financial statements.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

The City reports the following major governmental funds:

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

The **Allingtown Fire District Fund** is used to account for all the financial resources of the Allingtown Fire District. The types of revenues recorded in this fund are taxes, grants, and charges for services. Fund did not meet major fund requirement. Management determined fund is to be reported as major for public interest purposes.

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

Additionally, the City reports the following fund types:

Governmental Funds

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

Debt Service Fund – Used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Permanent Funds - Used to account for and report the resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Proprietary Funds

Internal Service Funds - Used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds are its Self-Insurance Reserve Fund, Workers' Compensation and Medical Self-Insurance Fund. The Self-Insurance Reserve Fund covers general liability not covered by any third party insurance.

Fiduciary Funds

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency fund financial statements are on the accrual basis with no measurement focus.

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

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued): As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between certain City functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City's internal service funds are revenue for charges for services to other funds for risk services. Operating expenses for internal service funds are claims incurred.

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

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

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

The City's Pension plan investment policy has set forth the following targets and ranges for asset sub classes as follows:

<u>Asset Sub-Class</u>	<u>Target</u>	<u>Range</u>
Equity	46%	30-60%
Fixed Income	28%	15-50%
Alternative Investments	22%	10-33%
Cash	4%	3-25%

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).

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

In the governmental fund financial statements, property tax revenues are recognized when they became available. Taxes collected during the 60-day period have been recorded as revenue.

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

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

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

Capital assets: Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

<i>City</i>	
Assets	Years
Land Improvements	40
Buildings	50-75
Building Improvements	40
Vehicles	5-25
Machinery and Equipment	7-50
Infrastructure	25-100

<i>Allintown Fire District</i>	
Assets	Years
Buildings	39
Building Improvements	15-20
Fire Truck and Vehicles	5-10
Equipment	5-10

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

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

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

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of equity 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 a deferred charge on debt refunding in this category in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of equity 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 property tax collections and sewer use charges in this category in the government-wide statement of net position. Also, 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 revenues from several sources: property taxes (including advance collections, if any), grants, loans and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

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

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

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

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

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

Assigned: This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Council by a properly approved purchase order.

City of West Haven, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Pension accounting:

Pension Trust Funds: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy: The City makes annual contributions based on the City Council's decisions using actuaries' recommendation. The net pension obligation is paid from the General Fund.

Other Post Employment Obligations ("OPEB") Accounting:

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

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

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

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows/outflows, 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.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes

Cash, Cash Equivalents and Investments:

Deposits – custodial credit risk: Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$16,262,806 of the City's bank balance of \$18,745,873 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,784,369
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	1,478,437
Total amount subject to custodial credit risk	<u>\$ 16,262,806</u>

Interest rate risk: The City and the Pension Plans do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt-type investments primarily held in pension trust funds to this risk using the time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (In Years)				
		N/A	Less Than 1	1 - 5	5 - 10	Over 10
Certificates of deposit	76,013	-	76,013	-	-	-
Corporate bonds	13,372,998	-	273,651	2,466,162	9,817,009	816,176
U.S. government securities	1,081,551	-	120,150	754,820	206,581	-
U.S. government agency securities	671,940	-	307,276	-	-	364,664
Fixed income funds	1,178,178	-	-	584,925	169,540	423,713
Total	<u>\$ 16,380,680</u>	<u>\$ -</u>	<u>\$ 777,090</u>	<u>\$ 3,805,907</u>	<u>\$ 10,193,130</u>	<u>\$ 1,604,553</u>

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

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

The following are investments in the Police Pension Plan that represent more than 5% of the plan's net position as of June 30, 2014.

Vanguard Dividend Appreciation	\$5,846,250
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Investments of greater than 5% of Allintown Fire District total assets in any one organization were as follows:

KBS Real Estate Investment Trust	\$471,097
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City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Cash, Cash Equivalents and Investments (Continued):

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

Type of Investment	U.S. Government Agency Securities	Fixed Income Funds	Corporate Bonds
AAA	\$ -	\$ 742,334	\$ -
AA+	307,276	-	474,991
AA	-	-	69,949
AA-	-	-	931,229
A+	-	-	1,256,516
A	-	-	1,952,632
A-	-	-	2,668,287
BBB+	-	-	581,696
BBB	-	-	807,047
BBB-	-	-	1,082,816
BB+	-	-	702,003
BB	-	-	545,303
BB-	-	-	1,125,121
B+	-	-	450,846
B	-	-	165,048
B-	-	-	407,489
CCC+	-	-	74,500
Unrated	364,664	435,844	77,525
Total	\$ 671,940	\$ 1,178,178	\$ 13,372,998

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

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

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

	Total	Less Insured Amounts	Amount Subject To Custodial Credit Risk
Common stock	\$ 44,935,232	\$ 500,000	\$ 44,435,232
Corporate Bonds	13,372,998	-	13,372,998
U.S. Government Securities	1,081,551	-	1,081,551
U.S. Government Agency Securities	671,940	-	671,940
Total	<u>\$ 60,061,721</u>	<u>\$ 500,000</u>	<u>\$ 59,561,721</u>

Cash, Cash Equivalents and Investments (Continued):

Cash and Cash Equivalents

Deposits with financial institutions	\$ 19,953,333
Total cash and cash equivalents	<u>19,953,333</u>

Investments

Pension Trust Funds:	
Mutual funds:	
Money market	33,356
Equity	42,349,114
Common stock	44,435,232
Corporate bonds	13,372,998
U.S. government securities	1,081,551
U.S. government agency securities	671,940
Private equity limited partnerships	14,780,346
Fixed income funds	1,178,178
Annuities	3,192,396
Total pension trust funds	<u>121,095,111</u>
Total investments	<u>121,095,111</u>
Total cash, cash equivalents and investments	<u>\$ 141,048,444</u>

Statement of Net Position

Cash and cash equivalents	\$ 16,758,960
	<u>16,758,960</u>

Fiduciary Funds

Cash and cash equivalents	3,194,373
Investments	121,095,111
	<u>124,289,484</u>
Total cash, cash equivalents and investments	<u>\$ 141,048,444</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Receivables: Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the City's governmental fund financial statements with allowances for uncollectible accounts as of June 30, 2014, including the applicable allowances for uncollectible accounts, are presented below:

	General	Allingtown Fire District Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Property taxes and interest	\$ 9,338,577	\$ 920,658	\$ -	\$ -	\$ 10,259,235
Sewer use	-	-	-	2,822,628	2,822,628
Intergovernmental	310,267	-	-	691,969	1,002,236
Loans	-	-	-	2,151,180	2,151,180
Other	516,720	3,572	10,629	563,692	1,094,613
Gross receivables	10,165,564	924,230	10,629	6,229,469	17,329,892
Allowance for doubtful accounts	(3,550,000)	(370,000)	-	(573,217)	(4,493,217)
Total receivables, net	\$ 6,615,564	\$ 554,230	\$ 10,629	\$ 5,656,252	\$ 12,836,675

Capital Assets:

City: Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 16,319,189	\$ -	\$ -	\$ 16,319,189
Construction in progress	9,072,540	8,652,369	3,620,376	14,104,533
Total capital assets, not being depreciated	25,391,729	8,652,369	3,620,376	30,423,722
Capital Assets, being depreciated:				
Land improvements	15,002,387	743,090	-	15,745,477
Buildings and improvements	188,701,665	2,181,114	-	190,882,779
Vehicles	7,066,463	251,397	-	7,317,860
Machinery and equipment	26,090,472	76,960	-	26,167,432
Infrastructure	83,932,959	975,772	-	84,908,731
Total capital assets being depreciated	320,793,946	4,228,333	-	325,022,279
Less accumulated depreciation for:				
Land improvements	5,911,966	419,184	-	6,331,150
Buildings and improvements	80,149,725	3,181,989	-	83,331,714
Vehicles	5,666,073	110,888	-	5,776,961
Machinery and equipment	18,624,463	490,178	-	19,114,641
Infrastructure	40,229,812	1,089,486	-	41,319,298
Total accumulated depreciation	150,582,039	5,291,725	-	155,873,764
Total capital assets, being depreciated, net	170,211,907	(1,063,392)	-	169,148,515
Governmental activities capital assets, net	\$ 195,603,636	\$ 7,588,977	\$ 3,620,376	\$ 199,572,237

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

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

General Government	\$ 1,415,622
Public Safety	275,774
Public Works	1,537,879
Health and Welfare	309,767
Parks and Recreation	167,751
Board of Education	1,740,955
Total depreciation expense	<u><u>\$ 5,447,748</u></u>

Allingtown Fire District: Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 36,903	\$ -	\$ -	\$ 36,903
Capital Assets, being depreciated:				
Buildings and improvements	702,454	-	-	702,454
Machinery and equipment	143,308	-	-	143,308
Fire trucks and vehicles	2,061,723	-	-	2,061,723
Infrastructure - hydrants	367,097	-	-	367,097
Fire equipment	980,489	-	-	980,489
Total capital assets being depreciated	<u>4,255,071</u>	-	-	<u>4,255,071</u>
Less accumulated depreciation for:				
Buildings and improvements	205,477	21,807	-	227,284
Machinery and equipment	1,027,302	25,957	-	1,053,259
Fire trucks and vehicles	1,650,125	96,839	-	1,746,964
Infrastructure - hydrants	215,211	11,420	-	226,631
Total accumulated depreciation	<u>3,098,115</u>	<u>156,023</u>	-	<u>3,254,138</u>
Total capital assets, being depreciated, net	<u>1,156,956</u>	<u>(156,023)</u>	-	<u>1,000,933</u>
Governmental activities capital assets, net	<u><u>\$ 1,193,859</u></u>	<u><u>\$ (156,023)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,037,836</u></u>

Depreciation expense was charged to the Public Safety function.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Interfund Accounts:

Interfund payables and receivables: A summary of interfund balances as of June 30, 2014 is as follows:

	Due From	Due To
General Fund	\$ -	\$ 5,013,673
Capital Improvement Fund	1,301,913	-
Non major funds	4,742,229	706,117
Fiduciary funds	-	324,352
Total	\$ 6,044,142	\$ 6,044,142

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided and when payments between funds are made.

Advanced payables and receivables: A summary of interfund advances as of June 30, 2014 is as follows:

	Advances from Other Funds	Advances to Other Funds
General Fund	\$ 1,760,849	\$ -
Allingtown Fire District fund	-	1,230,125
Non major funds	-	530,724
Total	\$ 1,760,849	\$ 1,760,849

The advances between funds relate to working capital loans made between the general fund and various nonmajor governmental funds. None of the balances are scheduled to be collected in the subsequent year.

Interfund transfers: A summary of interfund transfers as of June 30, 2014 is as follows:

	Transfers In	Transfers Out
General Fund	\$ 2,150,518	\$ 1,024,747
Allingtown Fire District fund	59,274	-
Non major funds	1,026,088	2,151,859
Fiduciary funds	-	59,274
Total general fund	\$ 3,235,880	\$ 3,235,880

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

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

	<u>Deferred Inflows</u>	<u>Unearned</u>
General Fund		
Taxes and accrued interest on delinquent property taxes	\$ 5,340,500	\$ -
Other	-	30,777
Miscellaneous receivable	98,541	-
Advance tax collections	6,417,928	-
Allingtown Fire District Fund		
Fire district taxes	517,408	-
Advanced collections	350,074	-
Other	-	-
Capital Improvement Fund		
Other	-	11,107
Nonmajor Governmental Funds		
Loans receivable	2,151,180	-
Sewer use fees	2,597,628	-
Advanced collections	604,818	-
Miscellaneous receivable	178,794	40,435
Total	\$ 18,256,871	\$ 82,319

Short-Term Obligations: The City is using bond anticipation notes during the renovation of City Hall and the school boiler replacement prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2014 was as follows:

Type of Obligation	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Bond Anticipation Notes:				
General purpose/schools	\$ 9,635,000	\$ 2,325,000 *	\$ 9,635,000	\$ 2,325,000
Clean Water Interim Funding Obligation	\$ 366,036	\$ 571,952	\$ 61,466	\$ 876,522

*Excludes BANS of \$6,110,000 issued in fiscal 2014 which were redeemed with proceeds from the August 2014 general obligation bonds series B in the amount of \$9,100,000 and therefore are reported in the changes in long-term obligations table below.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

The City is currently incurring an interim funding obligation for a clean water project. At the completion of the project, the interim funding obligation will be permanently financed with the State of Connecticut into a 20-year note at 2%. The interim funding obligation also carries an interest rate of 2%.

Subsequent Event: A portion of the bond anticipation notes in the amount of \$6,110,000 were paid off with the issue in August 2014, in which the City issued general obligation bonds in the amount of \$9,100,000 and general obligation refunding bonds in the amount of \$38,715,000 with interest rates ranging from 3.0% to 5.0% and 0.985% to 4.164%, maturing in September 2034 and September 2022, respectively.

Changes in Long-Term Obligations:

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2013	Additions	Deductions	Balance Outstanding June 30, 2014	Current Portion
Bonds									
General obligation bond	\$ 21,540,000	02/01/02	02/01/20	5.0-6.75%	\$ 875,000	\$ -	\$ 125,000	\$ 750,000	\$ 125,000
Refunding bond	11,075,000	09/15/04	01/15/19	2.0-4.0%	-	-	-	-	-
Refunding bond	32,245,000	5/11/05	7/01/24	2.5-5.0%	7,840,000	-	2,900,000	4,940,000	2,460,000
General obligation bond	32,130,000	12/15/05	12/15/25	3.75-5.75%	-	-	-	-	-
General obligation bond	11,716,000	03/31/10	02/15/25	5.05%	9,360,000	-	780,000	8,580,000	780,000
Refunding bond	7,420,000	04/01/10	08/01/15	3.27%	5,335,000	-	825,000	4,510,000	2,975,000
General obligation bond	3,685,000	05/31/12	08/01/26	3.0-5.0%	3,685,000	-	184,629	3,500,371	125,815
Refunding bond	47,410,000	05/31/12	08/01/26	3.0-5.0%	47,410,000	-	2,375,371	45,034,629	1,619,185
Total general purpose, school and sewer bonds	167,221,000				74,505,000	-	7,190,000	67,315,000	8,085,000
Bond anticipation notes *	6,110,000	10/1/13	8/25/14	2.0%	-	6,110,000	-	6,110,000	-
Pension obligation bonds	67,305,000	09/24/02	03/15/22	2.27-5.84%	39,620,000	-	3,495,000	36,125,000	3,690,000
Total bonds	240,636,000				114,125,000	6,110,000	10,685,000	109,550,000	11,775,000
Clean Water Notes Payable									
State of CT Series Note CWF166-C	\$ 9,213,384	04/29/94	10/31/13	2.00%	\$ 183,935	\$ -	\$ 183,935	\$ -	\$ -
State of CT Series Note CWF166-CDI	2,769,461	1/1/1996	10/31/13	2.00%	59,664	-	59,664	-	-
State of CT Series Note CWF167-D	293,596	10/31/1996	4/30/2016	2.00%	48,598	-	16,839	31,759	17,179
State of CT Series Note CWF167-C	4,858,956	10/30/1998	10/31/2017	2.00%	1,212,017	-	270,454	941,563	275,913
State of CT Series Note CWF347-C	1,618,947	5/31/2000	11/30/2019	2.00%	585,878	-	86,438	499,440	88,182
State of CT Series Note CWF444-C	1,603,000	3/31/2001	9/30/2020	2.00%	650,144	-	84,172	565,972	85,872
State of CT Series Note CWF348-C	4,407,222	11/30/2001	11/30/2020	2.00%	1,825,574	-	211,594	1,613,980	235,307
State of CT Series Note CWF346-C	801,945	12/31/2003	12/31/2022	2.00%	416,978	-	40,258	376,720	41,071
State of CT Series Note CWF348-C1	1,728,831	12/31/2003	12/31/2022	2.00%	898,909	-	80,977	817,932	88,541
State of CT Series Note CWF348-CD1	617,707	9/29/2006	11/30/2020	2.00%	348,259	-	43,603	304,656	44,483
State of CT Series Note CWF346-CD2	801,055	5/31/2007	12/31/2022	2.00%	488,344	-	51,405	436,939	51,405
State of CT Series Note CWF549-C	28,250,103	7/1/2013	7/1/2032	2.00%	28,250,103	-	2,486,822	25,763,281	1,194,646
Total water notes	56,964,207				34,968,403	-	3,616,161	31,352,242	2,122,599
Total bonds/notes	\$ 297,600,207				149,093,403	6,110,000	14,301,161	140,902,242	13,897,599
Premium					3,590,857	-	448,857	3,142,000	-
Total bonds/notes and related liabilities					152,684,260	6,110,000	14,750,018	144,044,242	13,897,599

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Changes in Long-Term Obligations (Continued):

Summary of changes (continued):

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2013	Additions	Deductions	Balance Outstanding June 30, 2014	Current Portion
Claims, Judgments and Other					242,000	1,500,000	-	1,742,000	-
Heart and Hypertension					5,465,547	1,150,634	228,538	6,387,643	309,437
Compensated Absences					13,414,207	4,107,141	2,956,282	14,565,066	3,044,970
Capital Leases					95,573	175,579	-	271,152	133,347
Other Post-Employment Benefit Obligation					24,244,899	5,146,609	-	29,391,508	-
Risk Management Claims					8,908,794	31,980,069	29,410,794	11,478,069	3,951,666
Total long-term obligations					\$ 205,055,280	\$ 50,170,032	\$ 47,345,632	\$ 207,879,680	\$ 21,337,019

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

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Current Portion
Capital lease payable	\$ 47,990	\$ 17,887	\$ (47,990)	\$ 17,887	\$ 9,819
Heart and hypertension	19,250	-	-	19,250	-
Compensated absences	573,133	126,008	(208,249)	490,892	200,000
Net other post-employment benefit obligation	2,801,428	736,467	-	3,537,895	-
Total long-term obligations	\$ 3,441,801	\$ 880,362	\$ (256,239)	\$ 4,065,924	\$ 209,819

City of West Haven, Connecticut

Notes to Financial Statements

Note 2 Detailed Notes (Continued)

Changes in Long-Term Obligations (Continued):

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Bond Principal	Bond Interest	Notes Principal	Notes Interest
2015	\$ 11,775,000	\$ 5,006,353	\$ 2,122,599	\$ 607,095
2016	10,927,500	4,480,386	2,161,460	564,265
2017	11,472,500	3,951,389	2,189,175	520,805
2018	11,822,500	3,401,044	2,036,369	477,769
2019	12,132,500	2,862,214	1,977,471	438,228
2020	11,582,500	2,310,692	1,959,267	398,609
2021	10,747,500	1,761,448	1,699,036	361,091
2022	11,082,500	1,196,204	1,574,486	329,194
2023	3,227,500	672,945	1,503,107	297,849
2024	4,757,500	490,008	1,430,037	268,964
2025	4,807,500	267,680	1,458,901	240,099
2026	2,565,214	83,961	1,488,348	210,652
2027	595,214	15,219	1,518,389	180,611
2028	265,214	8,619	1,549,037	149,963
2029	265,214	8,951	1,580,303	118,697
2030	265,214	9,283	1,612,201	86,799
2031	-	-	1,644,742	54,258
2032	-	-	1,677,940	21,060
2033	-	-	169,374	236
2034	1,258,930	50,357	-	-
	\$ 109,550,000	\$ 26,576,753	\$ 31,352,242	\$ 5,326,244

The table above includes the effect of the August 2014 issuances, as discussed in the Subsequent Event paragraph above. All long-term liabilities listed above after bonds and notes are generally liquidated by the General Fund.

Claims and judgments: The City is a defendant in various liability claims and lawsuits relating to deaths and personal injuries, civil rights violations, contractual obligations and other matters, which are incidental to performing governmental functions. The City has determined that it is probable that it has potential liability of approximately \$1.7 million for such claims. The City's liabilities for claims and judgments were based on information available. It is reasonably possible that, as the cases evolve, the resulting estimates will be adjusted significantly in the near term.

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Changes in Long-Term Obligations (Continued):

Capital leases: At June 30, 2014, the City is committed under capital leases for vehicles at a cost of \$1,123,572, net of \$1,001,927 in accumulated depreciation. This year, \$163,621 was included in depreciation expense.

At June 30, 2014, the Allingtown Fire District is committed under capital leases for vehicles at a cost of \$443,203, net of \$426,765 in accumulated depreciation. This year, \$57,160 was included in depreciation expense.

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2014.

Year Ending June 30,	City	Allingtown
2015	\$ 133,347	\$ 9,819
2016	87,330	9,819
2017	62,147	-
Less: amount representing interest	(11,672)	(1,751)
Present value of minimum lease payments	\$ 271,152	\$ 17,887

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

Category	Debt Limit	Net Indebtedness	Balance
General government	\$ 209,985,869	\$ 74,325,533	\$ 135,660,336
Schools	419,971,739	73,864,908	346,106,831
Sewer	349,976,449	4,550,614	345,425,835
Urban Renewal	303,312,922	-	303,312,922
Pension Deficit	279,981,159	36,125,000	243,856,159

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$653,289,371.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Authorized/unissued bonds: The amount of authorized, unissued bonds is \$147,701,404 for school; \$2,845,604 for sewers; \$25,735,875 for general purpose.

Prior years advance refunding: In the prior year, the City defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in a trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the City's financial statements. As of June 30, 2014, the amount of defeased debt outstanding but removed from the City's financial statements amounted to \$51,095,000.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Restricted Net Position: The amount of restricted net position, which was restricted by enabling legislation, totaled \$200,587 at June 30, 2014.

Fund Balance Classifications: As of June 30, 2014, fund balances are composed of the following:

Fund Balance Component	General Fund	Allingtown Fire District Fund	Capital Improvement Fund	Nonmajor Funds	Total
Nonspendable					
Inventory/Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -
Advances	1,760,849	-	-	-	1,760,849
Total nonspendable	1,760,849	-	-	-	1,760,849
Restricted					
Historic documents	-	-	-	57,330	57,330
Community Development Block Grant	-	-	-	143,257	143,257
Total restricted	-	-	-	200,587	200,587
Committed					
Health	-	-	-	53,338	53,338
Approved projects	-	-	-	17,451	17,451
Savin Rock activities	-	-	-	141,157	141,157
Education	-	-	-	190,152	190,152
Total committed	-	-	-	402,098	402,098
Unassigned (deficit)	(10,254,844)	(1,899,227)	(3,160,489)	(3,721,831)	(19,036,391)
Total	\$ (8,493,995)	\$ (1,899,227)	\$ (3,160,489)	\$ (3,119,146)	\$ (16,672,857)

Deficit Equity: At June 30, 2014, the City had deficit equity balances in the following funds:

General Fund \$(8,493,995)

The City is planning to maintain balanced budgets by realistically and conservatively estimating revenues and expenses. There is also a plan in place to reduce expenses by eliminating jobs through attrition & reduce overtime expenses. On the Revenue side the City has some sizeable Economic Development in the pipeline which will contribute to Grand List Growth this coupled with restored efforts on Tax Collections, Tax Lien Assignments, implementation of the Tax Boot Program for Motor Vehicles (which generated \$386k last year), and finally working on Legal Foreclosures to get properties back on the tax rolls. All of these items will put the City on a better financial footing. The Administration is also planning on some large operational efficiencies within City Departments is implementing certain methods for future budgets to begin to reduce the fund balance deficit in the General Fund. These plans include adopting a conservative budget including deficit reduction line item in the annual budget, tax lien sales and personal property audits.

Clean Water Fund \$(1,158,091)

This fund deficit will be eliminated when the interim funding obligation is permanently financed.

City of West Haven, Connecticut

Notes to Financial Statements

Note 2. Detailed Notes (Continued)

Allingtown Fire District Fund \$(1,899,227)

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

Capital Improvement Fund \$(3,160,489)

The above deficit will be eliminated with future bond proceeds.

School Lunch \$(115,040)

Public Safety (74,124)

Sewer Fund (1,583,154)

Sports Facilities (79,021)

Career and Adult Education (476,254)

Train Site (8,695)

Capital and Nonrecurring (227,452)

The above deficits will be funded with future charges for services and/or transfers.

Medical Insurance (1,341,011)

General Liability (1,527,786)

Workers Compensation (8,609,272)

The City plans to gradually eliminate these deficits with increased premiums in future year's budgets.

Note 3. Other Information

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 (Workers' Compensation Fund), general liability claims (General Liability Fund) and employee medical and prescriptions claims (Medical and Prescription Fund). These funds are reported as Internal Service Funds. 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 and medical claims. Workers' compensation claims are subject to a \$500,000 individual stop/loss, while general liability and medical claims are subject to a \$250,000 stop/loss per claim. At no time during the past three years have insurance settlements exceeded coverage. General liability Fund reports minor types of claims. Major City claims are recorded at the government-wide level.

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

The City utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss. The fund 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.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

The claims liability reported in the fund is based upon the provisions of GASB Statements No, 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded, The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries, The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Medical Insurance			
	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
City & Allingtown				
2012-2013	1,405,120	20,048,159	20,007,385	1,445,894
2013-2014	1,445,894	25,528,990	25,633,872	1,341,012

	General Liability			
	Liability July 1,	Current Year Claim and Changes In Estimates	Claim Payments	Liability June 30,
2012-2013	\$ 1,728,502	\$ 623,619	\$ 749,802	\$ 1,602,319
2013-2014	1,602,319	1,086,563	1,161,097	1,527,785

	Workers' Compensation			
	Liability July 1,	Current Year Claim and Changes In Estimates	Claim Payments	Liability June 30,
2012-2013	\$ 4,633,731	\$ 2,856,076	\$ 1,538,974	\$ 5,950,833
2013-2014	5,950,833	5,274,263	2,615,825	8,609,271

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

Pension Plans:

Plan description:

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Summary of significant accounting policies and plan asset matters:

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

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

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

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

Classes of employees covered: As of January 1, 2013 for the Police, and July 1, 2013 for Allingtown, the date of the last actuarial valuation, the memberships in the Plans are comprised of the following:

	Police	Allingtown Fire District
Retirees and beneficiaries currently receiving benefits	140	30
Active plan members	103	22
Total	243	52

Benefit provisions:

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

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

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Employer contributions:

Police: The Police's contribution is actuarially determined by using the projected unit credit cost method. The Police contribution was \$1,157,000. Administrative costs are generally financed through investment earnings.

Allingtown Fire District: The District's contribution is actuarially determined by using the entry age normal method. The Fire Fighters' contribution was \$1,495,339. Administrative costs are generally financed through investment earnings.

Employee contributions:

Police: Police officers were required to contribute 8% of their earnings for the current year.

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

Allingtown Fire District: Employees are required to contribute 9% of their earnings for the current fiscal year if hired before July 1, 1998 and 11% if hired after June 30, 1998.

Funded status and funding progress:

Police: The funded status of the plan as of January 1, 2013 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Over (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll (C)	AAL as a Percentage of Covered Payroll [(A-B)/C]
January 1, 2013	\$ 108,818,183	\$ 119,605,999	\$ (10,787,816)	91.0%	\$ 7,191,938	-150.0%

Allingtown Fire District: The funded status of the plan as of July 1, 2013 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Over (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll (C)	AAL as a Percentage of Covered Payroll [(A-B)/C]
July 1, 2013	\$ 4,379,827	\$ 22,738,356	\$ (18,358,529)	19.3%	\$ 1,678,136	-1094.0%

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

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

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

	<u>Police</u>	<u>Allingtown Fire District</u>
Valuation Date	January 1, 2013	July 1, 2013
Actuarial Cost Method	Projected Unit Credit	Entry Age Normal Method
Amortization Method	Level Percent Closed	Level Percent Closed, 30 Years
Remaining Amortization Period	5 years	20 years
Asset Valuation Method	Fair Value	Market Value

Actuarial Assumptions:

Investment Rate of Return	7.375%	7.50%
Projected Salary Increases		
Merit	3.5%	2.0%
Inflation	3.5%	2.0%
Cost-of-Living Adjustments	3.0% for members hired before 6/30/93	2.0%
	1.75% for members hired after 6/30/93	

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Annual pension cost and net pension asset (NPA): The changes in the NPA of the City plans were as follows:

	Police	Allingtown Fire District
Annual required contribution	\$ 3,312,178	\$ 1,519,425
Interest on net pension asset	(2,690,754)	(53,702)
Adjustment to annual required contribution	8,426,052	35,697
Annual pension cost	9,047,476	1,501,420
Contributions made	1,157,000	1,495,339
(Increase) decrease in net pension asset	7,890,476	6,081
Net pension asset - July 1, 2013	(36,484,805)	(477,007)
Net pension asset - June 30, 2014	\$ (28,594,329)	\$ (470,926)

Three-year trend information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of Annual APC Cost Contributed	Net Pension Asset	Actual Contribution
Police				
2012	\$ 11,014,908	12%	\$ (44,808,625)	\$ 1,285,000
2013	9,610,320	13%	(36,484,805)	1,286,500
2014	9,047,476	13%	(28,594,329)	1,157,000
Allingtown Fire District				
2012	\$ 1,402,375	106.4%	\$ (419,260)	\$ 1,492,075
2013	1,458,839	104.0%	(477,007)	1,516,586
2014	1,501,420	99.6%	(470,926)	1,495,339

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Plan statements:

City of West Haven, Connecticut
Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014

	Police Pension	Allingtown Fire District	Total
Assets			
Cash and Cash Equivalents	\$ 2,857,230	\$ 486	\$ 2,857,716
Investments, at fair value			
Mutual funds			
Money market	-	33,356	33,356
Equity	41,204,749	1,144,365	42,349,114
Common stock	44,435,232	-	44,435,232
Corporate bonds	13,372,998	-	13,372,998
U.S. government securities	1,081,551	-	1,081,551
U.S. government agency securities	671,940	-	671,940
Private equity limited partnerships	14,098,219	682,127	14,780,346
Fixed income funds	1,178,178	-	1,178,178
Annuities	-	3,192,396	3,192,396
Total investments	116,042,867	5,052,244	121,095,111
Interest and Dividends Receivable	175,430	-	175,430
Total assets	119,075,527	5,052,730	124,128,257
Liability			
Due to Other Funds	324,352	-	324,352
Net Position			
Net Position Restricted for Pension Benefits	\$ 118,751,175	\$ 5,052,730	\$ 123,803,905

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Plan statements (continued):

City of West Haven, Connecticut
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2014

	Police Pension	Allingtown Fire District	Total
Additions			
Contributions:			
Employer	\$ 1,157,000	\$ 1,518,933	\$ 2,675,933
Plan members	583,213	152,938	736,151
Total contributions	1,740,213	1,671,871	3,412,084
Investment income:			
Change in Fair value of investments	11,627,011	54,985	11,681,996
Interest and dividends	2,843,456	190,809	3,034,265
Total investment income	14,470,467	245,794	14,716,261
Less investment expenses	-	768	768
Net investment income	14,470,467	245,026	14,715,493
Total additions	16,210,680	1,916,897	18,127,577
Deductions			
Benefits	6,310,695	1,222,689	7,533,384
Administration	466,576	21,330	487,906
Transfers Out	-	59,274	59,274
Total deductions	6,777,271	1,303,293	8,080,564
Change in net position	9,433,409	613,604	10,047,013
Net Position - July 1, 2013	109,317,766	4,439,126	113,756,892
Net Position - June 30, 2014	\$ 118,751,175	\$ 5,052,730	\$ 123,803,905

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Police Pension Plan (GASB 67)

Investments: The set asset allocation parameters for the police pension plan are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	4.08%
Core Fixed Income	13.84%
Non-US Fixed Income	2.03%
Broad US Equities	50.89%
Developed Foreign Equities	10.62%
Emerging Market Equities	3.69%
Private Equity	3.27%
Hedge Funds/Absolute Return	8.57%
Real Estate (REITS)	3.01%
	<u>100.00%</u>

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

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

The following are investments in the Police Pension Plan that represent more than 5% of the plan's net position as of June 30, 2014.

Vanguard Dividend Appreciation	\$5,846,250
--------------------------------	-------------

Net Pension Liability: The components of the net pension liability (GASB 67) of the City at June 30, 2014 were as follows:

	<u>Police Pension Plan</u>
<u>Net Pension Liability (GASB 67) as of June 30, 2014</u>	
Total Pension Liability	\$ 129,964,841
Plan Fiduciary Net Position	119,075,529
Net Pension Liability	<u>\$ 10,889,312</u>
Plan Fiduciary Net Position as a percentage of total pension liability	91.62%
Covered Payroll	\$ 7,191,938
Net Pension Liability as a percentage of covered payroll	151.41%

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 13.13%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Description of Actuarial Methods

Actuarial Method Used:	Entry Age Normal Cost
Mortality Basis:	RP-2000 Mortality Table with blue collar adjustment for Healthy Annuitants and Non-Annuitants projected to 2020 per Scale AA.
Inflation:	2.75%.
Investment rate of return:	7.375%
Salary increases including inflation:	3.50%.

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus a closed amortization of the plan's unfunded liability over 30 years from January 1, 2013, as a level percentage of pay.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2013. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Cash	4.08%	0.50%	0.49%
Core Fixed Income	13.84%	2.20%	1.95%
Non-US Fixed Income	2.03%	1.32%	0.73%
Broad US Equities	50.89%	6.12%	4.49%
Developed Foreign Equities	10.62%	6.29%	4.39%
Emerging Market Equities	3.69%	8.94%	4.88%
Private Equity	3.27%	9.15%	5.37%
Hedge Funds/Absolute Return	8.57%	3.37%	2.93%
Real Estate (REITS)	3.01%	5.59%	3.90%
	<u>100.00%</u>		
Assumed Inflation - Mean		2.75%	2.75%
Assumed Inflation - Standard Deviation		2.00%	2.00%
Portfolio Mean Return		8.01%	7.12%
Portfolio Standard Deviation			13.91%
Long-Term Expected Rate of Return			7.375%

Discount Rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.375%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of West Haven contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members (retired and active employees who qualify under the Plan) and their beneficiaries are included. This is a decrease in the discount rate from June 30, 2013, in which a discount rate of 8.5% was used.

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

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

Police Pension Plan	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
Net Pension Liability	\$ 28,050,109	\$ 10,889,312	\$ (2,998,058)

Allingtown Pension Plan (GASB 67)

Investments: The set asset allocation parameters are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Value	0.76%
Large Cap Equities	18.19%
Developed Foreign Equities	4.46%
Real Estate (REITS)	13.50%
Annuities	63.09%
	<u>100.00%</u>

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

Investments of greater than 5% of Allingtown Fire District total assets in any one organization were as follows:

KBS Real Estate Investment Trust	<u>\$471,097</u>
----------------------------------	------------------

Net Pension Liability: The components of the net pension liability (GASB 67) of the Allingtown Pension Plan at June 30, 2014 were as follows:

<u>Net Pension Liability (GASB 67) as of June 30, 2014</u>	<u>Allingtown Pension Plan</u>
Total Pension Liability	\$ 24,724,569
Plan Fiduciary Net Position	5,052,707
Net Pension Liability	<u>\$ 19,671,862</u>
Plan Fiduciary Net Position as a percentage of total pension liability	20.44%
Covered Payroll	\$ 1,645,791
Net Pension Liability as a percentage of covered payroll	1195.28%

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 5.47%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Description of Actuarial Methods

Actuarial Method Used:	Entry Age Normal Cost
Mortality Basis:	RP-2000 Combined Healthy Mortality with generational projection per Scale AA.
Inflation:	2.75%
Investment rate of return:	7.50%
Salary increases including inflation:	4.00%

The District's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus a closed amortization of the plan's unfunded liability over 30 years from July 1, 2013, as a level percentage of pay.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2013. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Large Cap Value	0.76%	0.50%	0.49%
Large Cap Equities	18.19%	5.86%	4.39%
Developed Foreign Equities	4.46%	6.29%	4.39%
Real Estate (REITS)	13.50%	5.59%	3.90%
Annuities	63.09%	3.74%	3.17%
	<u>100.00%</u>		
Assumed Inflation - Mean		2.75%	2.75%
Assumed Inflation - Standard Deviation		2.00%	2.00%
Portfolio Mean Return		4.47%	3.99%
Portfolio Nominal Mean Return		7.23%	6.74%
Portfolio Standard Deviation		10.32%	10.32%
Long-Term Expected Rate of Return			7.50%

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

Discount Rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the District contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members (retired and active employees who qualify under the Plan) and their beneficiaries are included.

Based on the plan's current contribution policy, the plan's net fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, the 7.50% interest rate assumption was used to discount plan liabilities.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City of West Haven Allintown Pension Plan, calculated using the discount rate of 7.50% as well as what the City of West Haven Allintown Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Allintown Pension Plan	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 22,739,016	\$ 19,671,862	\$ 17,129,658

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.

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Pension Plans (Continued):

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 \$1,256,523 and employee contributions totaled \$1,699,865.

Teachers' Retirement Plan: All City of New Haven certified teachers participate in the State of Connecticut Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS), established under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty five years of credited service, at least twenty-five years of which is service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The City does not have any liability for teacher pensions. For the year ended June 30, 2014 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$9,726,000 as payments made by the State of Connecticut on-behalf of the City.

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

Other Post-Employment Benefit Plans:

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

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Other Post-Employment Benefit Plans (Continued):

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

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

Benefit provisions:

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

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

Employer Contributions: The City's recommended contributions are actuarially determined on an annual basis using the projected unit credit method. Contributions are established by contract and may be amended by union negotiations. The City and Board of Education's total plan contribution was \$7,693,470.

The Allingtown Fire District's recommended contributions are actuarially determined on an annual basis using the projected unit credit method. Contributions are established and may be amended by the District. The District's plan contribution was \$585,466.

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

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Other Post-Employment Benefit Plans (Continued):

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

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

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

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

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Other Post-Employment Benefit Plans (Continued):

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

	<u>City</u>	<u>Allingtown Fire District</u>
Valuation Date	July 1, 2013	July 1, 2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	30 Year, Open	25 Year, Open
Remaining Amortization Period	24 years	22 years
<u>Actuarial Assumptions:</u>		
Investment Rate of Return	4.0%	4.0%
Projected Salary Increases		
Merit	9.0%	6.5%
Inflation	5.0%	4.7%
Cost-of-Living Adjustments	N/A	N/A
Health Care Cost Trend Rates:		
Initial	8%	4.32%
Ultimate	5%	0.88%

Annual OPEB Cost and Net OPEB Obligation (NOO): The changes in the NOO were as follows:

	City	Allingtown Fire District
Annual required contribution (ARC)	\$ 12,816,573	\$ 1,342,307
Interest on net OPEB obligation	969,796	112,057
Adjustment to annual required contribution	(946,290)	(132,431)
Annual OPEB cost (AOC)	12,840,079	1,321,933
Contributions made	(7,693,470)	(585,466)
Change in net OPEB obligation	5,146,609	736,467
Net OPEB obligation - July 1, 2013	24,244,899	2,801,428
Net OPEB obligation - June 30, 2014	<u>\$ 29,391,508</u>	<u>\$ 3,537,895</u>

City of West Haven, Connecticut

Notes to Financial Statements

Note 3. Other Information (Continued)

Other Post-Employment Benefit Plans (Continued):

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

Year Ending June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation	Total Contributions
City				
2012	\$ 9,481,822	64.0%	\$ 21,541,925	\$ 6,068,744
2013	9,609,104	71.9%	24,244,899	6,906,130
2014	12,840,079	59.9%	29,391,508	7,693,470
Allingtown Fire District				
2012	\$ 1,277,423	44.6%	\$ 2,080,282	\$ 570,000
2013	1,356,146	46.8%	2,801,428	635,000
2014	1,321,933	44.3%	3,537,895	585,466

Subsequent Event: In August 2014, the City issued general obligation bonds in the amount of \$9,100,000 and general obligation refunding bonds in the amount of \$38,715,000 with interest rates ranging from 3.0% to 5.0% and 0.985% to 4.164%, maturing in September 2034 and September 2022, respectively. The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Note 4. Governmental Accounting Standards Board (GASB) Statements

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 68, for which there will be a material effect due to the net pension liability:

- ***GASB Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for fiscal years beginning after June 15, 2014.
- ***GASB Statement No. 69, Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
 - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
 - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.

Notes to Financial Statements

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

- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
- Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- ***GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*** The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.
- ***GASB Statement No. 72, Fair Value Measurement and Application.*** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

**Required Supplementary
Information - Unaudited**

Required Supplementary Information - Unaudited
Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual -
General Fund
For the Year Ended June 30, 2014

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes, interest and lien fees	\$ 89,637,589	\$ 89,637,589	\$ 89,495,114	\$ (142,475)
Intergovernmental	54,412,953	54,412,953	55,506,537	1,093,584
Investment income	25,000	25,000	4,839	(20,161)
Charges for services	3,201,283	3,201,283	3,365,573	164,290
Other local income	861,200	861,200	579,405	(281,795)
Total revenues	148,138,025	148,138,025	148,951,468	813,443
Expenditures				
General government	7,076,908	6,122,672	5,867,510	255,162
Public safety	13,915,034	14,192,501	14,192,501	-
Public works	9,677,627	10,613,828	10,604,939	8,889
Health and welfare	1,128,011	1,122,099	1,100,338	21,761
Parks and recreation	890,031	888,780	870,443	18,337
Education	85,134,755	85,134,755	85,004,012	130,743
Benefits and insurance	13,359,321	13,160,186	13,591,703	(431,517)
Library and Other	1,630,000	1,630,000	1,630,000	-
Debt service	17,626,338	17,573,204	17,573,204	-
Total expenditures	150,438,025	150,438,025	150,434,650	3,375
Revenue under expenditures	(2,300,000)	(2,300,000)	(1,483,182)	816,818
Other Financing Sources (Uses)				
Transfers in	2,300,000	2,300,000	2,150,518	(149,482)
Transfers out	-	-	(1,204,747)	(1,204,747)
Total other financing sources (uses)	2,300,000	2,300,000	945,771	(1,354,229)
Revenue and other financing sources (uses) under expenditures	\$ -	\$ -	\$ (537,411)	\$ (537,411)

See Notes to Required Supplementary Information.

Required Supplementary Information - Unaudited
Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual -
Allingtown Fire District
For the Year Ended June 30, 2014

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes, interest and lien fees	\$ 4,854,073	\$ 4,854,073	\$ 4,745,266	\$ 108,807
Intergovernmental	360,944	360,944	372,520	(11,576)
Charges for services	144,300	144,300	199,201	(54,901)
Other local income	155,000	155,000	66,224	88,776
Total revenues	5,514,317	5,514,317	5,383,211	131,106
Expenditures				
Personnel	4,682,698	4,722,698	5,069,019	255,162
Operating	782,119	742,119	576,224	(165,895)
Administrative	49,500	49,500	82,458	32,958
Total expenditures	5,514,317	5,514,317	5,727,701	122,225
Revenue under expenditures	\$ -	\$ -	\$ (344,490)	\$ (344,490)

See Notes to Required Supplementary Information.

**Required Supplementary Information - Unaudited
 Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual
 Last Fiscal Year
 June 30, 2014**

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
<hr/>		
General Fund		
Balance, budgetary basis	\$ 151,101,986	\$ 151,639,397
State Teachers Retirement payments made by State Department of Education on behalf of the City, not recognized for budgetary purposes	9,726,000	9,726,000
Encumbrances: June 30, 2013	-	179,935
	<hr/>	
Balance, GAAP basis	<u>\$ 160,827,986</u>	<u>\$ 161,545,332</u>
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Allingtown Fire District		
Balance, budgetary basis	<u>\$ 5,383,211</u>	<u>\$ 5,727,701</u>
Balance, GAAP basis	<u>\$ 5,383,211</u>	<u>\$ 5,727,701</u>

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions -
Police Pension Plan
June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) Projected Unit Credit B	Over (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll C	Over/Under Funded AAL as a Percentage of Covered Payroll [(A-B)/C]
1/1/2004	\$ 92,722,515	\$ 90,703,954	\$ 2,018,561	102.2%	\$ 6,554,897	30.8%
1/1/2006	103,670,417	99,357,450	4,312,967	104.3%	7,373,220	58.5%
1/1/2008	118,784,141	112,464,527	6,319,614	105.6%	7,812,621	80.9%
1/1/2010	103,217,463	116,990,872	(13,773,409)	88.2%	7,074,123	-194.7%
1/1/2011	110,509,793	120,389,438	(9,879,645)	91.8%	1,008,211	-141.0%
1/1/2013	108,818,183	119,605,999	(10,787,816)	91.0%	7,191,938	-150.0%

Schedule of Employer Contributions

Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a percentage of covered payroll
2005	\$ 1,103,584	\$ 1,066,300	\$ 37,284	\$ 6,554,897	16.27%
2006	1,103,584	1,100,000	3,584	6,554,897	16.78%
2007	1,111,822	1,111,822	-	7,373,220	15.08%
2008	1,111,822	1,111,822	-	7,373,220	15.08%
2009	1,157,342	611,822	545,520	7,812,621	7.83%
2010	1,157,342	1,157,342	-	7,812,621	14.81%
2011	3,950,896	1,050,000	2,900,896	7,074,123	14.84%
2012	3,141,846	979,292	2,162,554	7,008,211	13.97%
2013	3,141,846	1,285,750	1,856,096	7,008,211	18.35%
2014	3,312,178	1,157,000	2,155,178	7,191,938	16.09%

**Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions -
City Other Post-Employment Benefit Plan
June 30, 2014**

Schedule of Funding Progress

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

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 8,027,501	\$ 3,240,266	41.2%
2009	8,450,815	3,829,852	45.3%
2010	8,633,569	3,846,140	44.5%
2011	9,051,649	5,144,676	56.8%
2012	9,464,246	6,068,744	64.1%
2013	9,588,218	6,906,130	72.0%
2014	12,840,079	7,693,470	59.9%

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions -
Allingtown Fire District Plan
June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) Projected Unit Credit B	(Over) (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll C	Over/Under Funded AAL as a Percentage of Covered Payroll [(A-B)/C]
1/1/2003	\$ 1,047,612	\$ 17,045,654	\$ (15,998,042)	6.1%	\$ 1,211,679	-1320.3%
1/1/2005	1,758,630	18,193,790	(16,435,160)	9.7%	1,238,339	-1327.2%
1/1/2008	2,902,414	18,846,154	(15,943,740)	15.4%	1,341,760	-1188.3%
1/1/2011	3,550,545	21,313,549	(17,763,004)	16.7%	1,645,791	-1079.3%
1/1/2013	4,379,827	22,738,356	(18,358,529)	19.3%	1,678,136	-1094.0%

Schedule of Employer Contributions

Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a percentage of covered payroll
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	1,249,120	1,360,156	(111,036)	1,341,760	101%
2009	1,178,166	875,780	302,386	1,341,760	65%
2010	1,225,293	1,343,174	(117,881)	1,341,760	100%
2011	1,274,304	1,430,341	(156,037)	1,645,791	87%
2012	1,404,794	1,492,075	(87,281)	1,645,791	91%
2013	1,460,986	1,516,586	(55,600)	1,678,136	90%
2014	1,519,425	1,495,339	24,086	1,678,136	89%

**Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions -
Allingtown Fire District OPEB Plan
June 30, 2014**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) Projected Unit Credit B	(Over) (Under) Funded AAL (A-B)	Funded AAL Ratio (A/B)	Covered Payroll C	Over/Under Funded AAL as a Percentage of Covered Payroll [(A-B)/C]
6/30/2010	\$ -	\$ 16,717,000	\$ (16,717,000)	0.0%	\$ 1,341,760	N/A
7/1/2013	-	19,201,569	(19,201,569)	0.0%	1,678,136	N/A

Schedule of Employer Contributions

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

Required Supplementary Information - Unaudited
Schedule of Changes in Net Pension Liability and Related Ratios (in 1,000s)
Last Fiscal Year
June 30, 2014

	Police Pension Plan	Allingtown Fire District Plan
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 1,627	\$ 430
Interest on total pension liability	9,147	1,768
Effect of plan changes	-	1,009
Benefit payments	(6,311)	(1,221)
Net change in total pension liability	4,463	1,986
Total Pension Liability, beginning	125,501	22,738
Total pension liability, ending (a)	129,964	24,724
Fiduciary Net Position		
Employer contributions	1,157	1,495
Member contributions	583	153
Investment income net of investment expenses	14,029	252
Benefit payments	(6,311)	(1,221)
Administrative expenses	(25)	(6)
Net change in plan fiduciary net position	9,433	673
Fiduciary Net Position, beginning	109,642	4,380
Fiduciary net position, ending (b)	119,075	5,053
Net pension liability, ending = (a) - (b)	\$ 10,889	\$ 19,671
Fiduciary net position as a % of total pension liability	91.62%	20.44%
Covered payroll	\$ 7,192	\$ 1,646
Net pension liability as a % of covered payroll	151.40%	1195.08%

NOTE: As 2014 is the implementation year, only 2014 information is available.

**Note to Required Supplementary Information - Unaudited
June 30, 2014**

Note 1. Stewardship, Compliance and Accountability

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

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

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

General Fund

General Fund

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

**Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Property Taxes				
Current levy and supplement	\$ 86,532,589	\$ 86,532,589	\$ 87,385,628	\$ 853,039
Prior year levies	1,025,000	1,025,000	406,680	(618,320)
Interest and liens	1,125,000	1,125,000	951,227	(173,773)
Suspense tax and interest	255,000	255,000	218,691	(36,309)
Housing Authority - PILOT	290,000	290,000	127,282	(162,718)
Yale contributions	410,000	410,000	405,606	(4,394)
Total property taxes	89,637,589	89,637,589	89,495,114	(142,475)
Intergovernmental				
Educational cost sharing	44,406,627	44,406,627	44,094,540	(312,087)
Transportation	103,734	103,734	653,420	549,686
Excess cost-student based	1,500,000	1,500,000	2,313,345	813,345
Mashantucket Pequot	-	-	1,005,243	1,005,243
Health services	175,000	175,000	157,570	(17,430)
PILOT - colleges and hospitals	5,315,532	5,315,532	5,313,329	(2,203)
Municipal revenue sharing	158,000	158,000	168,006	10,006
Property tax relief - elderly	400,000	400,000	373,037	(26,963)
Property tax relief	151,000	151,000	106,355	(44,645)
FEMA	-	-	203,821	203,821
PILOT - state owned property	-	-	18,125	18,125
Property tax relief - totally disabled	7,500	7,500	6,712	(788)
Town aid road	625,531	625,531	624,044	(1,487)
LOCIP	1,049,289	1,049,289	-	(1,049,289)
Telephone access line	117,740	117,740	90,258	(27,482)
State miscellaneous grants	150,000	150,000	104,806	(45,194)
SCCRWA - PILOT grant	253,000	253,000	273,926	20,926
Total intergovernmental	54,412,953	54,412,953	55,506,537	1,093,584
Charges for Services				
Animal licenses	15,000	15,000	15,367	367
Marriage licenses	3,000	3,000	3,895	895
Amusement and sporting licenses	5,000	5,000	83	(4,917)
Record legal instruments	550,000	550,000	466,705	(83,295)
Building permits	695,000	695,000	827,412	132,412
Electrical permits	90,000	90,000	118,616	28,616
Excavation permits	5,000	5,000	4,045	(955)
Plumbing and heating permits	150,000	150,000	205,911	55,911
Zoning permits	80,000	80,000	60,550	(19,450)
Alcoholic beverages licenses	200	200	152	(48)
Police licenses and protection permits	17,000	17,000	22,148	5,148
City Clerk fees	7,100	7,100	8,072	972
Dog pound releases	3,600	3,600	4,595	995
Health licenses and restaurant permits	72,000	72,000	84,175	12,175

(Continued)

Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Charges for Services, Continued:				
Parking tags	60,000	60,000	39,709	(20,291)
Fines and penalties - tax	1,200	1,200	52,956	51,756
Rents, royalties and concessions	100	100	11	(89)
Rent from City facilities	29,500	29,500	22,800	(6,700)
Public works	6,600	6,600	5,501	(1,099)
General government	48,500	48,500	88,453	39,953
Thompson School	60,000	60,000	63,034	3,034
Miscellaneous parks and recreation	324,000	324,000	330,704	6,704
Police service charges	12,500	12,500	9,683	(2,817)
Miscellaneous public works	50,000	50,000	51,416	1,416
Sewer fee collection expense	36,777	36,777	54,777	18,000
Miscellaneous - schools	-	-	22,351	22,351
Quigle/Yale parking	40,000	40,000	39,969	(31)
Fire District share of ERS	804,206	804,206	732,422	(71,784)
Parking meter revenue	-	-	17,531	17,531
Organic recycling/compost	35,000	35,000	12,530	(22,470)
Total charges for services	3,201,283	3,201,283	3,365,573	164,290
Investment Income	25,000	25,000	4,839	(20,161)
Other Revenues				
Voluntary CAD contribution	419,000	419,000	339,032	(79,968)
Miscellaneous	442,200	442,200	240,373	(201,827)
Total other revenues	861,200	861,200	579,405	(281,795)
Total revenues	148,138,025	148,138,025	148,951,468	813,443
Other Financing Sources				
Transfers in - various	-	-	323,867	323,867
Transfers in - BOE Contingency Fund	-	-	200,000	200,000
Transfers in - Sewer Fund	2,300,000	2,300,000	1,626,651	(673,349)
Total other financing sources	2,300,000	2,300,000	2,150,518	(149,482)
Total revenues and other financing sources	\$ 150,438,025	\$ 150,438,025	\$ 151,101,986	\$ 663,961

Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
General Government				
City Council	\$ 88,931	\$ 88,609	\$ 88,609	\$ -
Mayor's Office	380,818	363,185	359,275	3,910
Corporation Counsel	639,815	594,669	588,348	6,321
Personnel Department	160,064	177,393	177,393	-
Telephone Administration	120,000	313,281	313,281	-
City Clerk	300,281	332,498	332,498	-
Registrar of Voters	149,141	180,595	180,595	-
Probate Court	10,520	6,294	6,294	-
Planning and Development	393,416	387,609	359,211	28,398
Grants Administration	63,211	48,513	47,553	960
Building Department	467,842	416,110	406,039	10,071
Treasurer	7,600	7,600	7,600	-
Comptroller's Office	803,523	873,003	873,003	-
Purchasing Department	197,258	197,871	197,871	-
Data Processing Department	564,831	579,922	579,922	-
Central Services	305,015	333,604	333,604	-
Department of Assessments	405,365	421,341	421,341	-
Board of Tax Appeals	5,600	3,000	3,000	-
Department of Tax Collections	377,020	388,878	388,878	-
Reserve for Deficit Reduction	1,000,000	205,502	-	205,502
Unallocated Contingency	471,717	-	-	-
Primary expense	25,000	62,001	62,001	-
Election expense	5,000	33,303	33,303	-
Actuarial valuation	7,500	11,128	11,128	-
Mileage allowance reimbursements	7,000	5,334	5,334	-
Bank service fees	100,000	83,831	83,831	-
Bridges community support	5,000	-	-	-
Ward Heitman House	2,500	-	-	-
Miscellaneous	12,940	7,598	7,598	-
Total general government	7,076,908	6,122,672	5,867,510	255,162
Public Safety				
ERS Department	1,787,124	1,694,783	1,694,783	-
Seized assets	20,000	20,000	20,000	-
Police Administration	929,997	958,111	958,111	-
Police Operations	9,952,365	10,278,969	10,278,969	-
Police Department Support	938,493	945,634	945,634	-
Animal Control	269,375	273,949	273,949	-
Dog Fund Report	-	7,517	7,517	-
Civil Preparedness	17,680	13,538	13,538	-
Total public safety	13,915,034	14,192,501	14,192,501	-

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Works				
Public Works Administration	\$ 613,128	\$ 724,129	\$ 724,129	\$ -
Engineering	170,878	187,822	187,822	-
Vehicle maintenance	1,032,844	1,333,462	1,333,462	-
Compost site	44,981	44,981	36,109	8,872
Solid waste	2,823,210	2,697,917	2,697,917	-
Grounds maintenance	26,080	26,085	26,085	-
Building maintenance	1,191,465	1,324,450	1,324,450	-
Highways and Parks Administration	3,360,116	3,675,251	3,675,251	-
Highways and Parks	4,380	4,380	4,363	17
Parks maintenance	146,725	183,083	183,083	-
Outside contractors	71,965	98,660	98,660	-
FEMA	-	116,383	116,383	-
FEMA	-	1,800	1,800	-
Trees	191,855	195,425	195,425	-
Total public works	9,677,627	10,613,828	10,604,939	8,889
Health and Welfare				
Department of Human Resources	298,079	296,502	292,767	3,735
Department of Elderly Services	451,603	440,239	431,311	8,928
Health Department	378,329	385,358	376,260	9,098
Total health and welfare	1,128,011	1,122,099	1,100,338	21,761
Parks and Recreation				
Recreational Services	600,426	614,772	614,772	-
Day Camp Program	125,861	112,166	112,166	-
Bennett Rink Programs	40,000	40,000	40,000	-
Aquatic Programs	123,744	121,842	103,505	18,337
Total parks and recreation	890,031	888,780	870,443	18,337
Board of Education	85,134,755	85,134,755	85,004,012	130,743
Benefits and Insurance				
City granted benefits	10,483,400	10,791,543	10,791,543	-
State mandated benefits	1,445,000	1,527,874	1,959,391	(431,517)
C-Med programs	112,193	119,182	119,182	-
City insurance premiums	422,728	426,847	426,847	-
City insurance retention	896,000	294,740	294,740	-
Total benefits and insurance	13,359,321	13,160,186	13,591,703	(431,517)

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Library	1,630,000	1,630,000	1,630,000	-
Debt Service	17,626,338	17,573,204	17,573,204	-
Total expenditures	150,438,025	150,438,025	150,434,650	3,375
Other Financing Uses				
Transfer out-Capital Nonrecurring/BOE Contingency Fund	-	-	1,204,747	(1,204,747)
Total expenditures and other financing uses	\$ 150,438,025	\$ 150,438,025	\$ 151,639,397	\$ (1,201,372)

**Schedule of Revenues and Other Financing Sources - Allingtown Fire District
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Current property taxes	\$ 4,576,158	\$ 4,576,158	\$ 4,575,361	\$ 797
Prior year property taxes	240,000	240,000	91,879	148,121
Interest and lien fees	-	-	39,962	(39,962)
Regional Water Authority - PILOT	37,915	37,915	38,064	(149)
Total property taxes	4,854,073	4,854,073	4,745,266	108,807
Intergovernmental				
State grants - PILOT	346,410	346,410	368,251	(21,841)
Miscellaneous	14,534	14,534	4,269	10,265
Total intergovernmental	360,944	360,944	372,520	(11,576)
Contributions and Local Grants				
University of New Haven/Yale donations	150,000	150,000	-	150,000
Total contributions and local grants	150,000	150,000	-	150,000
Charges for Services				
Miscellaneous	50,000	50,000	152,411	(102,411)
Medical copay	67,300	67,300	6,632	60,668
Bundle billing	12,000	12,000	16,380	(4,380)
SPS reimbursements	15,000	15,000	23,778	(8,778)
Total charges for services	144,300	144,300	199,201	(54,901)
Other Revenues				
Insurance recovery	5,000	5,000	6,950	(1,950)
Total other revenues	5,000	5,000	6,950	(1,950)
Other Financing Sources				
Transfer in	-	-	59,274	(59,274)
Total other financing sources	-	-	59,274	(59,274)
Total revenues	\$ 5,514,317	\$ 5,514,317	\$ 5,383,211	\$ 131,106

**Schedule of Expenditures and Other Financing Uses - Budget and Actual - Allingtown Fire District Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Personnel Department				
Salaries	\$ 1,630,547	\$ 1,630,547	\$ 1,777,071	\$ 146,524
Overtime and vacation pay	248,000	248,000	335,809	87,809
Pension contributions	1,548,291	1,548,291	1,503,101	(45,190)
Medical and life insurance	931,860	931,860	1,156,696	224,836
Workers comp	115,000	155,000	179,767	24,767
Uniforms	8,000	8,000	9,123	1,123
Emergency Reporting System	85,000	85,000	85,000	-
Heart and hypertension	26,000	26,000	22,302	(3,698)
Educational incentives	90,000	90,000	150	(89,850)
Total personnel	4,682,698	4,722,698	5,069,019	346,321
Operating				
Telephone	271,819	271,819	254,205	(17,614)
Electric	17,000	17,000	16,539	(461)
Water	140,200	140,200	70,910	(69,290)
Gas and heat	1,000	1,000	9,395	8,395
Fuel	21,000	21,000	10,244	(10,756)
Building maintenance	10,000	20,000	18,409	(1,591)
Equipment maintenance	101,100	184,100	172,781	(11,319)
Contingency	200,000	61,000	-	(61,000)
Miscellaneous	6,000	6,000	5,160	(840)
Medical testing and equipment	14,000	20,000	18,581	(1,419)
Total operating	782,119	742,119	576,224	(165,895)
Administrative				
Office supplies and printing	4,000	4,000	4,868	868
Training	14,000	14,000	9,361	(4,639)
Legal fees and settlements	11,500	11,500	2,381	(9,119)
Professional fees	11,000	11,000	61,156	50,156
Miscellaneous	9,000	9,000	4,692	(4,308)
Total administrative	49,500	49,500	82,458	32,958
Total expenditures	\$ 5,514,317	\$ 5,514,317	\$ 5,727,701	\$ 213,384

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

Capital Projects

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

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City of West Haven, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds				
	Document Preservation	Education Grant Fund	Board of Education Contingency Fund	Miscellaneous Grants	School Lunch Program
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 1,260
Receivables					
Sewer use	-	-	-	-	-
Intergovernmental	-	155,718	-	-	345,527
Loan	-	-	-	-	-
Other	159	-	-	3,500	-
Due from Other Funds	57,171	967,439	-	-	-
Total assets	\$ 57,330	\$ 1,123,157	\$ -	\$ 3,500	\$ 346,787
Liabilities					
Accounts Payable	\$ -	\$ 935,049	\$ -	\$ -	\$ 346,923
Due to Other Funds	-	-	-	1,456	114,904
Unearned Revenue	-	-	-	-	-
Interim Funding Obligation	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Total liabilities	-	935,049	-	1,456	461,827
Deferred Inflows of Resources					
Unavailable Revenue - Loans	-	-	-	-	-
Unavailable Revenue - advanced collections	-	-	-	-	-
Unavailable Revenue - Charges for Services	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficits)					
Restricted	57,330	-	-	-	-
Committed	-	188,108	-	2,044	-
Unassigned	-	-	-	-	(115,040)
Total fund balances (deficits)	57,330	188,108	-	2,044	(115,040)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 57,330	\$ 1,123,157	\$ -	\$ 3,500	\$ 346,787

Special Revenue Funds

Public Safety	Town Aid Road	Sewer Fund	Health and Welfare	Career and Adult Education	Community Development Block Grant	Savin Rock	Sports Facilities	Total Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,724	\$ -	\$ -	\$ 202,984
-	-	2,597,628	-	-	-	-	-	2,597,628
-	-	-	-	-	75,653	38,836	-	615,734
-	-	-	-	-	2,151,180	-	-	2,151,180
178,794	-	80	-	32,942	-	-	-	215,475
-	-	-	63,401	-	-	115,436	-	1,203,447
<u>\$ 178,794</u>	<u>\$ -</u>	<u>\$ 2,597,708</u>	<u>\$ 63,401</u>	<u>\$ 32,942</u>	<u>\$ 2,428,557</u>	<u>\$ 154,272</u>	<u>\$ -</u>	<u>\$ 6,986,448</u>
\$ 7,465	\$ -	\$ 658,112	\$ 10,063	\$ 22,647	\$ 38,216	\$ 13,115	\$ 78,229	2,109,819
66,659	-	279,869	-	91,153	95,904	-	792	650,737
-	-	40,435	-	-	-	-	-	40,435
-	-	-	-	-	-	-	-	-
-	-	-	-	395,396	-	-	-	395,396
<u>74,124</u>	<u>-</u>	<u>978,416</u>	<u>10,063</u>	<u>509,196</u>	<u>134,120</u>	<u>13,115</u>	<u>79,021</u>	<u>3,196,387</u>
-	-	-	-	-	2,151,180	-	-	2,151,180
-	-	604,818	-	-	-	-	-	604,818
<u>178,794</u>	<u>-</u>	<u>2,597,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,776,422</u>
<u>178,794</u>	<u>-</u>	<u>3,202,446</u>	<u>-</u>	<u>-</u>	<u>2,151,180</u>	<u>-</u>	<u>-</u>	<u>5,532,420</u>
-	-	-	-	-	143,257	-	-	200,587
-	-	-	53,338	-	-	141,157	-	384,647
<u>(74,124)</u>	<u>-</u>	<u>(1,583,154)</u>	<u>-</u>	<u>(476,254)</u>	<u>-</u>	<u>-</u>	<u>(79,021)</u>	<u>(2,327,593)</u>
<u>(74,124)</u>	<u>-</u>	<u>(1,583,154)</u>	<u>53,338</u>	<u>(476,254)</u>	<u>143,257</u>	<u>141,157</u>	<u>(79,021)</u>	<u>(1,742,359)</u>
<u>\$ 178,794</u>	<u>\$ -</u>	<u>\$ 2,597,708</u>	<u>\$ 63,401</u>	<u>\$ 32,942</u>	<u>\$ 2,428,557</u>	<u>\$ 154,272</u>	<u>\$ -</u>	<u>\$ 6,986,448</u>

(Continued)

City of West Haven, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2014

	Capital Project Funds		
	Clean Water Fund	Brownfields	Capital and Nonrecurring
Assets			
Cash	\$ 2	\$ -	\$ -
Receivables			
Sewer use	-	-	-
Intergovernmental	76,235	-	-
Loan	-	-	-
Other	-	-	-
Due from Other Funds	-	17,625	-
Total assets	\$ 76,237	\$ 17,625	\$ -
Liabilities			
Accounts Payable	\$ 350,051	\$ 4,320	\$ 100,819
Due to Other Funds	7,755	-	-
Unearned Revenue	-	-	-
Interim Funding Obligation	876,522	-	-
Advances from Other Funds	-	-	126,633
Total liabilities	1,234,328	4,320	227,452
Deferred Inflows of Resources			
Unavailable Revenue - Loans	-	-	-
Unavailable Revenue - advanced collections	-	-	-
Unavailable Revenue - Charges for Services	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances (Deficits)			
Restricted	-	-	-
Committed	-	13,305	-
Unassigned	(1,158,091)	-	(227,452)
Total fund balances (deficits)	(1,158,091)	13,305	(227,452)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 76,237	\$ 17,625	\$ -

Schedule 5

Capital Project Funds			Total Nonmajor Governmental Funds
Redevelopment Fund	Train Site	Total Capital Project	
\$ -	\$ -	\$ 2	\$ 202,986
-	-	-	2,597,628
-	-	76,235	691,969
-	-	-	2,151,180
-	-	-	215,475
4,146	-	21,771	1,225,218
<u>\$ 4,146</u>	<u>\$ -</u>	<u>\$ 98,008</u>	<u>\$ 7,084,456</u>
\$ -	\$ -	\$ 455,190	2,565,009
-	-	7,755	658,492
-	-	-	40,435
-	-	876,522	876,522
-	8,695	135,328	530,724
<u>-</u>	<u>8,695</u>	<u>1,474,795</u>	<u>4,671,182</u>
-	-	-	2,151,180
-	-	-	604,818
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,776,422</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,532,420</u>
-	-	-	200,587
4,146	-	17,451	402,098
-	(8,695)	(1,394,238)	(3,721,831)
<u>4,146</u>	<u>(8,695)</u>	<u>(1,376,787)</u>	<u>(3,119,146)</u>
<u>\$ 4,146</u>	<u>\$ -</u>	<u>\$ 98,008</u>	<u>\$ 7,084,456</u>

City of West Haven, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds				
	Document Preservation	Education Grant Fund	Board of Education Contingency Fund	Miscellaneous Grants	School Lunch Program
Revenues					
Intergovernmental	\$ -	\$ 7,254,780	\$ -	\$ 2,000	\$ 1,702,749
Charges for services	12,906	-	-	8,500	765,903
Interest Income	-	-	-	-	-
Contributions	-	63,163	-	-	-
Total revenues	12,906	7,317,943	-	10,500	2,468,652
Expenditures					
Current:					
General government	1,676	-	-	2,060	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	4,000	-
Education	-	7,254,780	-	-	2,583,692
Parks and Recreation	-	-	-	-	-
Principal Retirement	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	1,676	7,254,780	-	6,060	2,583,692
Excess (deficiency) of revenues over expenditures	11,230	63,163	-	4,440	(115,040)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(200,000)	-	-
Total other financing sources (uses)	-	-	(200,000)	-	-
Net change in fund balances	11,230	63,163	(200,000)	4,440	(115,040)
Fund Balances (Deficits), July 1, 2013	46,100	124,945	200,000	(2,396)	-
Fund Balances (Deficits), June 30, 2014	\$ 57,330	\$ 188,108	\$ -	\$ 2,044	\$ (115,040)

Schedule 6

Special Revenue Funds								Special Revenue Funds
Public Safety	Town Aid Road	Sewer Fund	Health and Welfare	Career and Adult Education	Community Development Block Grant	Savin Rock	Sports Facilities	Total Special Revenue
\$ 74,123	\$ -	\$ 171,162	\$ 269,939	\$ 348,794	\$ 515,208	\$ 38,836	\$ -	\$ 10,377,591
1,096,050	-	11,110,088	108,338	129,074	88,560	182,652	437,030	13,939,101
-	-	-	-	-	2,275	-	-	2,275
-	-	-	-	-	-	-	-	63,163
1,170,173	-	11,281,250	378,277	477,868	606,043	221,488	437,030	24,382,130
-	-	-	-	-	-	-	-	3,736
900,202	-	-	-	-	-	-	-	900,202
-	-	6,620,733	-	-	-	-	-	6,620,733
-	-	-	301,700	-	540,947	-	-	846,647
-	-	-	-	566,219	-	-	-	10,404,691
-	-	-	-	-	-	170,181	516,051	686,232
-	-	3,252,423	-	-	-	-	-	3,252,423
-	-	641,942	-	-	-	-	-	641,942
900,202	-	10,515,098	301,700	566,219	540,947	170,181	516,051	23,356,606
269,971	-	766,152	76,577	(88,351)	65,096	51,307	(79,021)	1,025,524
20,000	-	-	1,341	-	-	-	-	21,341
(207,938)	(115,929)	(1,626,651)	(1,341)	-	-	-	-	(2,151,859)
(187,938)	(115,929)	(1,626,651)	-	-	-	-	-	(2,130,518)
82,033	(115,929)	(860,499)	76,577	(88,351)	65,096	51,307	(79,021)	(1,104,994)
(156,157)	115,929	(722,655)	(23,239)	(387,903)	78,161	89,850	-	(637,365)
\$ (74,124)	\$ -	\$ (1,583,154)	\$ 53,338	\$ (476,254)	\$ 143,257	\$ 141,157	\$ (79,021)	\$ (1,742,359)

(Continued)

City of West Haven, Connecticut

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

Nonmajor Governmental Funds

June 30, 2014

	Capital Project Funds		
	Clean Water Fund	Brownfields	Capital and Nonrecurring
Revenues			
Intergovernmental	\$ 260,289	\$ -	\$ 26,252
Charges for services	-	-	-
Interest Income	-	-	-
Contributions	-	-	-
Total revenues	260,289	-	26,252
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Education	-	-	-
Parks and Recreation	-	7,275	-
Principal Retirement	-	-	-
Capital Outlay	740,546	-	916,927
Total expenditures	740,546	7,275	916,927
Excess (deficiency) of revenues over expenditures	(480,257)	(7,275)	(890,675)
Other Financing Sources (Uses)			
Transfers in	-	-	1,004,747
Transfers out	-	-	-
Total other financing sources (uses)	-	-	1,004,747
Net change in fund balances	(480,257)	(7,275)	114,072
Fund Balances (Deficits), July 1, 2013	(677,834)	20,580	(341,524)
Fund Balances (Deficits), June 30, 2014	\$ (1,158,091)	\$ 13,305	\$ (227,452)

Schedule 6

Capital Project Funds			Total Nonmajor Governmental Funds
Redevelopment Fund	Train Site	Total Capital Project	
\$ -	\$ -	\$ 286,541	\$ 10,664,132
-	-	-	13,939,101
-	-	-	2,275
-	-	-	63,163
-	-	286,541	24,668,671
-	-	-	3,736
-	-	-	900,202
-	-	-	6,620,733
-	-	-	846,647
-	-	-	10,404,691
-	-	7,275	693,507
-	-	-	3,252,423
-	-	1,657,473	2,299,415
-	-	1,664,748	25,021,354
-	-	(1,378,207)	(352,683)
-	-	1,004,747	1,026,088
-	-	-	(2,151,859)
-	-	1,004,747	(1,125,771)
-	-	(373,460)	(1,478,454)
4,146	(8,695)	(1,003,327)	(1,640,692)
\$ 4,146	\$ (8,695)	\$ (1,376,787)	\$ (3,119,146)

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Internal Service Funds

Internal Service Funds

Internal Service Funds are used to account for the providing of goods or services provided by one department to other departments of the City on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

Medical Insurance Fund – Accounts for the cost of medical, dental and life insurance benefits for the City's employees and retirees. Contribution amounts are based upon historical experience of claims incurred and paid.

General Liability – Accounts for the receipt of contributions to fund general government and education incurred general liability claims. Contribution amounts are based on historical experience of claims incurred or paid.

Workers' Compensation – Accounts for the receipt of contributions to fund general government and education incurred workers' compensation claims. Contribution amounts are based on historical experience of claims incurred and paid.

**Combining Statement of Net Position
Internal Service Funds
June 30, 2014**

	Medical Insurance	General Liability	Workers' Compensation	Total
Assets				
Accounts Receivable	\$ 140,189	\$ 55,811	\$ -	\$ 196,000
Due from Other Funds	2,947,054	-	569,957	3,517,011
Total assets	3,087,243	55,811	569,957	3,713,011
Liabilities				
Current Liabilities				
Accounts payable	3,087,242	8,186	569,958	3,665,386
Claims and judgments payable	1,341,012	458,336	2,152,318	3,951,666
Due to other funds	-	47,625	-	47,625
Total current liabilities	4,428,254	514,147	2,722,276	3,999,291
Noncurrent Liability				
Claims and judgments payable	-	1,069,450	6,456,953	7,526,403
Total liabilities	4,428,254	1,583,597	9,179,229	15,191,080
Net Position (Deficits)				
Unrestricted (deficit)	(1,341,011)	(1,527,786)	(8,609,272)	(11,478,069)
Total net position (deficits)	\$ (1,341,011)	\$ (1,527,786)	\$ (8,609,272)	\$ (11,478,069)

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Medical Insurance	General Liability	Workers' Compensation	Total
Operating Revenues				
Charges for services	\$ 21,587,332	\$ 1,419,368	\$ 3,243,165	\$ 26,249,865
Total operating revenues	21,587,332	1,419,368	3,243,165	26,249,865
Operating Expenses				
Claims incurred	19,941,680	570,947	5,016,363	25,528,990
Administration	1,631,023	773,888	885,240	3,290,151
Total operating expenses	21,572,703	1,344,835	5,901,603	28,819,141
Change in net position (deficit)	14,629	74,533	(2,658,438)	(2,569,276)
Net Position (Deficit), July 1, 2013	(1,355,640)	(1,602,319)	(5,950,834)	(8,908,793)
Net Position (Deficit), July 1, 2014	\$ (1,341,011)	\$ (1,527,786)	\$ (8,609,272)	\$ (11,478,069)

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014**

	Medical Insurance	General Liability	Workers' Compensation	Total
Cash Flows from Operating Activities				
Cash received for charges for services	\$ 21,639,745	\$ 1,363,557	\$ 3,243,165	\$ 26,246,467
Cash paid for benefits and claims	(20,008,722)	(589,669)	(2,357,925)	(22,956,316)
Cash paid for administration	(1,631,023)	(773,888)	(885,240)	(3,290,151)
Net cash provided by (used in) operating activities	-	-	-	-
Net (decrease) in cash	-	-	-	-
Cash, July 1, 2013	-	-	-	-
Cash, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 14,629	\$ 74,533	\$ (2,658,438)	\$ (2,569,276)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable	52,413	(55,811)	-	(3,398)
Due from other funds	(2,947,054)	288,771	(351,057)	(3,009,340)
Increase (decrease) in:				
Accounts payable	2,937,786	(280,585)	351,056	3,008,257
Due to other funds	(43,144)	47,625		4,481
Claims payable	(14,630)	(74,533)	2,658,439	2,569,276
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ -	\$ -

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Fiduciary Funds

Fiduciary Funds

Agency Funds

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

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Cash				
Student activity funds	\$ 284,044	\$ 847,858	\$ 871,258	\$ 260,644
Liabilities				
Accounts Payable				
Student activity funds	\$ 284,044	\$ 847,858	\$ 871,258	\$ 260,644

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Other Schedules

Report of Tax Collector
For the Year Ended June 30, 2014

Grand List Year	Uncollected Taxes July 1, 2013	Current Year Levy	Lawful Corrections		Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2014
			Additions	Deletions		Taxes	Interest, Liens and Other Fees	Total	Overpayments	
1998	\$ 124,844	\$ -	\$ -	\$ -	\$ 124,844	\$ 2,918	\$ 2,325	\$ 5,243	\$ -	\$ 121,926
1999	119,190	-	-	-	119,190	1,846	3,594	5,440	-	117,344
2000	103,380	-	-	(771)	102,609	138	1,960	2,098	-	102,471
2001	116,466	-	-	(1,346)	115,120	145	335	480	-	114,975
2002	115,612	-	-	(1,389)	114,223	149	317	466	-	114,074
2003	114,203	-	-	(2,228)	111,975	140	249	389	-	111,835
2004	120,199	-	655	(625)	120,229	573	457	1,030	-	119,656
2005	244,073	-	-	(168)	243,905	44,223	38,942	83,165	-	199,682
2006	132,355	-	-	(503)	131,852	217	9,275	9,492	-	131,635
2007	127,739	-	1,924	(6,858)	122,805	(1,512)	1,164	(348)	-	124,317
2008	566,688	-	1,129	(7,972)	559,845	20,669	22,356	43,025	-	539,176
2009	597,795	-	1,294	(8,758)	590,331	42,687	35,926	78,613	-	547,644
2010	871,642	-	14,382	(75,910)	810,114	116,014	76,700	192,714	-	694,100
2011	1,701,259	-	24,304	(175,005)	1,550,558	603,324	200,242	803,566	(56,881)	890,353
Total prior yrs.	5,055,445	-	43,688	(281,533)	4,817,600	831,531	393,842	393,842	(56,881)	3,929,188
2012	-	88,691,695	72,281	(368,839)	88,395,137	86,886,951	639,204	87,526,155	163,432	1,671,618
Total all years	\$ 5,055,445	\$ 88,691,695	\$ 115,969	\$ (650,372)	\$ 93,212,737	\$ 87,718,482	\$ 1,033,046	\$ 88,751,528	\$ 106,551	\$ 5,600,806

Report of Tax Collector
 Allingtown Fire District
 For the Year Ended June 30, 2014

Grand List Year	Uncollected Taxes July 1, 2013	Current Year Levy	Lawful Corrections		Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2014
			Additions	Deletions		Taxes	Interest, Liens and Other Fees	Total	Overpayments	
1998	\$ 12,815	\$ -	\$ -	\$ -	\$ 12,815	\$ 710	\$ 345	\$ 1,055	\$ -	\$ 12,105
1999	13,059	-	-	-	13,059	449	660	1,109	-	12,610
2000	9,623	-	-	-	9,623	30	64	94	-	9,593
2001	12,907	-	-	-	12,907	37	73	110	-	12,870
2002	12,289	-	-	-	12,289	37	66	103	-	12,252
2003	11,822	-	-	-	11,822	36	57	93	-	11,786
2004	12,005	-	67	-	12,072	36	51	87	-	12,036
2005	37,725	-	-	-	37,725	9,423	8,334	17,757	-	28,302
2006	11,936	-	-	(36)	11,972	39	41	80	-	11,933
2007	40,982	-	-	-	40,982	3,650	3,250	6,900	-	37,332
2008	54,184	-	44	(753)	54,981	2,101	1,434	3,535	-	52,880
2009	58,249	-	100	(541)	58,890	3,271	2,214	5,485	-	55,619
2010	65,683	-	1,045	(3,255)	69,983	7,091	3,935	11,026	-	62,892
2011	130,982	-	2,178	(5,920)	139,080	45,420	9,979	55,399	-	93,660
Total prior yrs.	484,261	-	3,434	(10,505)	498,200	72,330	30,503	30,503	-	425,870
2012	-	4,545,130	2,893	(21,576)	4,569,599	4,421,527	3,139	4,424,666	(28,042)	120,030
Total all years	\$ 484,261	\$ 4,545,130	\$ 6,327	\$ (32,081)	\$ 5,067,799	\$ 4,493,857	\$ 33,642	\$ 4,527,499	\$ (28,042)	\$ 545,900

Statistical Section

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

	Fiscal Year							
	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities								
Net investment in capital assets	\$ 93,015,386	\$ 83,270,506	\$ 69,375,594	\$ 61,266,156	\$ 57,222,245	\$ 52,450,723	\$ 48,023,222	\$ 45,790,447
Restricted	143,257	240,190	164,562	233,921	602,822	319,210	1,397,482	1,416,693
Unrestricted	(82,442,903)	(64,127,305)	(53,593,398)	(42,546,305)	(22,031,405)	(11,821,432)	(7,769,825)	(8,174,029)
Total governmental activities net position	\$ 10,715,740	\$ 19,383,391	\$ 15,946,758	\$ 18,953,772	\$ 35,793,662	\$ 40,948,501	\$ 41,650,879	\$ 39,033,111

Changes In Net Position
Last Eight Fiscal Years (unaudited)
(accrual basis of accounting)

	Fiscal Year							
	2014	2013	2012	2011	2010	2009	2008	2007
Expenses								
Governmental activities:								
General Government	\$ 7,987,973	\$ 9,896,396	\$ 9,581,831	\$ 10,517,508	\$ 10,156,411	\$ 9,798,519	\$ 11,527,972	\$ 9,679,595
Public Safety	34,391,960	37,158,465	32,589,270	33,535,109	13,660,389	15,408,852	13,988,187	13,500,748
Public Works	21,635,683	18,615,619	22,120,936	20,127,111	18,660,033	17,838,937	18,930,346	18,415,513
Health and Welfare	2,540,066	2,478,153	2,699,044	3,045,950	3,591,450	3,596,121	3,574,043	3,039,223
Parks and Recreation	1,959,279	2,090,380	2,006,774	2,090,228	2,088,704	2,163,519	1,881,953	1,885,977
Education	123,106,721	106,168,675	104,924,164	105,779,731	114,733,755	113,420,176	105,810,392	97,966,883
Library	1,867,189	1,603,717	1,603,717	1,603,717	1,978,359	2,038,883	-	-
Interest expense	7,392,322	6,358,021	6,941,602	6,835,336	7,328,303	7,708,564	8,034,364	9,039,140
Total governmental activities expenses	200,881,193	184,369,426	182,467,338	183,534,690	172,197,404	171,973,571	163,747,257	153,527,079
Program Revenue								
Charges for services:								
General Government	655,798	551,292	585,478	506,594	1,075,493	1,494,083	1,294,789	2,435,707
Public Safety	2,130,821	2,022,764	1,545,500	1,452,708	1,331,757	1,043,740	1,072,780	981,636
Public Works	13,470,649	10,431,335	9,290,665	8,078,109	6,989,208	6,082,949	5,994,330	4,414,827
Health and Welfare	289,573	223,963	220,959	1,005,016	184,970	338,981	235,940	620,756
Parks and Recreation	950,469	1,060,204	911,020	905,706	901,411	831,258	931,838	871,004
Education	1,020,331	1,097,692	1,141,089	978,600	451,161	538,074	541,188	2,222,420
Operating grants and contributions	68,763,572	64,923,248	63,074,004	61,057,889	65,595,454	64,637,666	60,030,561	48,073,722
Capital grants and contributions	3,365,792	5,134,306	5,518,859	10,290,716	4,406,669	6,396,584	4,775,814	2,712,191
Total governmental activities program revenue	90,647,005	85,444,804	82,287,574	84,275,338	80,936,123	81,363,335	74,877,240	62,332,263
Net expenses	(110,234,188)	(98,924,622)	(100,179,764)	(99,259,352)	(91,261,281)	(90,610,236)	(88,870,017)	(91,194,816)
General Revenues								
Property taxes	93,549,828	94,905,686	89,791,210	84,350,418	80,619,411	85,343,581	86,847,919	85,020,063
Grants and contributions not restricted to specific programs	7,369,539	8,820,355	6,513,841	5,680,141	5,428,729	4,391,529	4,066,705	4,694,281
Investment income	8,491	12,968	19,877	29,048	58,032	172,748	573,161	2,617,504
Gain on sale of assets	-	451,999	-	-	-	-	-	-
Transfers	59,274	-	-	-	-	-	-	-
Miscellaneous	579,405	247,020	847,822	579,440	-	-	-	-
Total general revenues	101,566,537	104,438,028	97,172,750	90,639,047	86,106,172	89,907,858	91,487,785	92,331,848
Changes in net position	\$ (8,667,651)	\$ 5,513,406	\$ (3,007,014)	\$ (8,620,305)	\$ (5,155,109)	\$ (702,378)	\$ 2,617,768	\$ 1,137,032

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

	Fiscal Year							
	2014	2013	2012	2011	2010	2009	2008	2007
General Fund								
Nonspendable	\$ 1,760,849	\$ 5,537,319	\$ 3,935,324	\$ 993,567	\$ 3,028,175	\$ 1,061,454	\$ -	\$ 2,912,037
Unassigned	(10,254,844)	(13,313,968)	(14,471,990)	(11,544,797)	(13,768,153)	(5,896,031)	(4,864,673)	(10,170,460)
Total general fund	(8,493,995)	(7,776,649)	(10,536,666)	(10,551,230)	(10,739,978)	(4,834,577)	(4,864,673)	(7,258,423)
All Other Governmental Funds								
Nonspendable	-	-	-	-	-	-	-	5,780,093
Restricted	200,587	240,190	164,562	233,921	602,822	319,210	1,397,482	1,416,693
Committed	402,098	474,174	222,133	4,146	4,146	4,146	4,146	869,843
Unassigned	(8,781,547)	(9,274,093)	(31,937,625)	(23,863,693)	(7,910,482)	(13,937,730)	(13,259,983)	(15,310,072)
Total all other governmental funds	(8,178,862)	(8,559,729)	(31,550,930)	(23,625,626)	(7,303,514)	(13,614,374)	(11,858,355)	(7,243,443)
Grand Total	\$ (16,672,857)	\$ (16,336,378)	\$ (42,087,596)	\$ (34,176,856)	\$ (18,043,492)	\$ (18,448,951)	\$ (16,723,028)	\$ (14,501,866)

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

	Fiscal Year Ended							
	2014	2013	2012	2011	2010	2009	2008	2007
Revenues								
Property taxes	\$ 94,202,314	\$ 93,881,204	\$ 88,736,315	\$ 85,420,340	\$ 84,739,371	\$ 85,343,581	\$ 85,906,419	\$ 88,543,306
Intergovernmental revenues	79,386,506	78,651,759	75,183,807	75,024,583	75,795,597	72,728,301	67,231,796	63,098,713
Charges for services	17,558,937	15,337,866	13,320,135	11,895,703	10,165,167	10,160,102	9,931,794	8,958,507
Income from investments	76,150	12,968	19,877	29,048	58,032	172,748	573,161	795,914
Contributions	8,491	226,150	2,000	15,123	-	-	-	-
Contract settlement	-	-	-	300,000	-	-	-	-
Other	579,405	247,020	843,307	579,440	1,935,834	3,070,073	1,943,957	2,397,115
Total revenues	191,811,803	188,356,967	178,105,441	173,264,237	172,694,001	171,474,805	165,587,127	163,793,555
Expenditures								
Current:								
General Government	5,737,466	6,078,850	5,671,255	5,405,726	5,355,904	5,235,808	4,899,318	4,820,417
Public Safety	20,666,182	20,922,581	14,666,101	13,819,243	13,610,437	14,204,302	13,916,881	13,241,365
Public Works	17,357,922	17,894,033	16,586,561	15,316,633	15,596,919	15,408,521	15,101,735	17,895,410
Benefits and Insurance	13,602,831	12,431,531	13,359,388	12,980,809	13,667,488	12,843,986	11,808,382	11,886,675
Health and Welfare	1,946,985	2,105,842	2,435,373	2,486,262	3,149,758	3,152,310	3,165,587	1,753,093
Library	1,630,000	1,603,717	1,603,717	1,603,717	1,810,410	1,751,335	1,927,079	1,777,521
Parks and Recreation	1,563,951	1,593,077	1,698,512	1,702,381	1,634,962	1,817,968	1,707,053	1,523,326
Education	105,512,213	101,724,814	99,862,121	98,972,044	100,486,319	96,910,228	92,278,424	88,627,391
Capital outlay	9,474,379	8,936,009	15,014,444	21,279,948	11,041,054	3,429,694	3,857,723	1,457,359
Debt service:								
Principal	15,213,760	11,349,748	11,593,783	11,689,499	10,591,607	10,779,544	11,177,261	9,893,547
Interest	5,611,867	6,667,650	7,088,281	6,841,339	7,355,074	7,667,032	7,968,846	9,273,744
Total expenditures	198,317,556	191,307,852	189,579,536	192,097,601	184,299,932	173,200,728	167,808,289	162,149,848
Excess of revenues (under) expenditures	(6,505,753)	(2,950,885)	(11,474,095)	(18,833,364)	(11,605,931)	(1,725,923)	(2,221,162)	1,643,707
Other Financing Sources (Uses)								
Issuance of debt	6,110,000	28,250,103	3,685,000	-	11,716,000	-	-	220,220
Issuance of refunding bonds	-	-	47,410,000	-	7,420,000	-	-	-
Capital leases	-	-	286,925	-	242,000	-	-	-
Payment to refunded bond escrow agent	-	-	(51,024,942)	-	(7,366,610)	-	-	-
Premium on bonds issued	-	-	4,523,571	-	-	-	-	-
Sale of assets	-	452,000	4,515	-	-	-	-	-
Transfers in	3,235,880	3,158,782	2,650,915	2,989,178	2,861,923	1,997,144	11,294,282	1,574,345
Transfers out	(3,176,606)	(3,158,782)	(2,650,915)	(2,989,178)	(2,861,923)	(1,997,144)	(11,294,282)	(1,574,345)
Total other financing sources (uses)	6,169,274	28,702,103	4,885,069	-	12,011,390	-	-	220,220
Net change in fund balance	\$ (336,479)	\$ 25,751,218	\$ (6,589,026)	\$ (18,833,364)	\$ 405,459	\$ (1,725,923)	\$ (2,221,162)	\$ 1,863,927
Debt Service as a Percentage of Noncapital Expenditures	5%	11%	12%	12%	12%	12%	13%	14%

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

Year Ended June 30,	Mill Rate ⁽¹⁾	Total Adjusted Tax Levy (1)	Net Current Levy Tax Collections	Percentage of Current Taxes Collected	Collections in Subsequent Years	Total Collections to Date		Current Delinquent Balance	
						Amount	Percentage of Levy		
<u>City</u>									
2007	27.96	\$ 85,520,692	\$ 83,956,237	98.17%	\$ 1,320,382	\$ 85,276,619	99.71%	\$ 244,073	
2008	27.96	85,753,931	83,632,811	97.53%	1,988,765	85,621,576	99.85%	132,355	
2009	27.96	84,118,885	82,646,635	98.25%	1,344,511	83,991,146	99.85%	127,739	
2010	27.96	84,226,337	82,862,226	98.38%	797,423	83,659,649	99.33%	566,688	
2011	27.96	84,116,342	82,892,466	98.55%	626,081	83,518,547	99.29%	597,795	
2012	31.25	87,970,800	86,085,641	97.86%	1,013,517	87,099,158	99.01%	871,642	
2013	31.25	88,111,713	86,410,454	98.07%	803,566	87,214,020	98.98%	897,693	
2014	31.25	88,395,137	86,723,519	98.11%	-	86,723,519	98.11%	1,671,618	
<u>Allingtown Fire District</u>									
2013	8.38	4,727,093	4,596,111	97.23%	-	4,596,111	97.23%	130,982	
2014	8.38	4,526,447	4,393,485	97.06%	-	4,393,485	97.06%	132,962	

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

Source: City of West Haven Tax Office.

Town of West Haven, Connecticut

Table 6

Ratio of Outstanding Debt by Type
Last Eight Years
(Unaudited)

Year Ended June 30,	General Obligation Bonds	Bond Premium	Clean Water Notes	Capital Leases	Total	Population ⁽¹⁾	Per Capita
2007	\$ 158,865,000	\$ -	\$ 15,959,158	\$ 419,933	\$ 175,244,091	52,820	\$ 3,318
2008	149,400,000	-	14,488,783	178,047	164,066,830	52,676	3,115.00
2009	140,250,000	-	12,994,134	43,152	153,287,286	52,420	2,924.00
2010	142,876,000	-	11,470,330	157,849	154,504,179	53,007	2,915.00
2011	132,740,000	-	9,916,831	78,925	142,735,756	55,662	2,564.00
2012	123,860,000	811,227	8,333,048	186,812	133,191,087	55,477	2,401.00
2013	114,125,000	748,825	34,968,403	143,563	149,985,791	55,404	2,707.00
2014	103,440,000	3,142,000	31,352,242	289,039	138,223,281	55,046	2,511.05

⁽¹⁾ Per Connecticut State Department of Health

**Computation of Legal Debt Limitation (unaudited)
June 30, 2014**

Total tax collections (including interest and lien fees) for the year ended June 30, 2014	\$ 88,751,528
Allingtown Fire District	4,563,525
Reimbursement for revenue loss: Tax relief for elderly freeze grant	<u>12,000</u>
Total Base	<u>\$ 93,327,053</u>
Debt limit	<u>\$ 653,289,371</u>

	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
Debt Limitation					
2-1/4 times base	\$ 209,985,869	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	419,971,739	-	-	-
3-3/4 times base	-	-	349,976,449	-	-
3-1/4 times base	-	-	-	303,312,922	-
3 times base	-	-	-	-	279,981,159
Total debt limitation	<u>209,985,869</u>	<u>419,971,739</u>	<u>349,976,449</u>	<u>303,312,922</u>	<u>279,981,159</u>
Debt as defined by statute					
Bonds	40,154,658	25,237,332	1,923,010	-	36,125,000
Bond anticipation notes	8,435,000	-	-	-	-
Bonds authorized but unissued	25,735,875	147,701,404	2,845,604	-	-
Intergovernmental revenue	-	-	(218,000)	-	-
School grants receivable	-	(99,073,828)	-	-	-
Total indebtedness	<u>74,325,533</u>	<u>73,864,908</u>	<u>4,550,614</u>	<u>-</u>	<u>36,125,000</u>
Debt Limitation in excess of indebtedness	<u>\$ 135,660,336</u>	<u>\$ 346,106,831</u>	<u>\$ 345,425,835</u>	<u>\$ 303,312,922</u>	<u>\$ 243,856,159</u>