

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

City of West Haven, Connecticut

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Introductory Section

City of West Haven, Connecticut

**Principal Officials
June 30, 2017**

Mayor

Edward M. O'Brien

City Council

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

Administration

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

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

Financial Section

Independent Auditors' Report

City Council
City of West Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut ("City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 5 to 13 and pages 71 to 86, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
June 5, 2018



Finance
Department

Office of the Finance Director

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

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

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

Financial Highlights

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

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of West Haven's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the City acts solely as an agent for the benefit of employees and others.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, highway department, sanitation and waste removal, human services, library, recreation and education.

Fund Financial Statements

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

Governmental Funds

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Allingtown Fire Department Fund, Capital Improvement Fund, and Sewer Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on Schedules 7 and 8.

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

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

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

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

Government-Wide Financial Analysis

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

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

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

Government-Wide Financial Analysis (continued)

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

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

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

Government-Wide Financial Analysis (continued)

Significant revenue related changes are as follows:

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

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

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

Financial Analysis of the City's Funds

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

Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

Allingtown Fire Department Budgetary Highlights

Significant budget transfers made during the year were as follows:

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

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

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

Capital Assets and Debt Administration

Capital assets

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

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

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

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

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

Long-term debt

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

**Outstanding Debt
Long-Term Obligations**

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

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

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

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the City is \$823,913,923, which is significantly in excess of the City's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

Basic Financial Statements

City of West Haven, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

Assets

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

Deferred Outflows of Resources

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

(Continued)

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

City of West Haven, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

Liabilities

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

Deferred Inflows of Resources

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

Net Position

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

(Concluded)

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

City of West Haven, Connecticut

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

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

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

City of West Haven, Connecticut

Balance Sheet
Governmental Funds
June 30, 2017

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

(Continued)

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

City of West Haven, Connecticut

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

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

| | |
|--|-----------------|
| Total fund balance (Exhibit C, Page 1) | \$ (16,608,416) |
|--|-----------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

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

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

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

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

| | |
|--|-----------|
| Property tax, loans, charges for services, and sewer assessments receivable accrual basis change | 6,843,949 |
|--|-----------|

Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

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

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

(Concluded)

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

City of West Haven, Connecticut

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

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

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

City of West Haven, Connecticut

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

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 3,167,968

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

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

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

| | |
|----------------------------|-----------------|
| Disposal of capital assets | <u>(39,396)</u> |
|----------------------------|-----------------|

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

| | |
|--|-------------|
| Change in property tax, loans, charges for services and sewer assessments - accrual basis change | (2,308,829) |
|--|-------------|

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

| | |
|--------------------------|----------------------|
| Debt issued or incurred | |
| General obligation bonds | (9,635,000) |
| Principal repayments | |
| General obligation bonds | 11,995,000 |
| Notes payable | 2,263,987 |
| Capital lease | <u>222,608</u> |
| Total | <u>4,846,595</u> |

(Continued)

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

City of West Haven, Connecticut

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

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

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

City of West Haven, Connecticut

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

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

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

City of West Haven, Connecticut

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

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

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

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

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

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

City of West Haven, Connecticut

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

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

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

City of West Haven, Connecticut

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

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

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

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

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

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

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

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

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

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

City of West Haven, Connecticut

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

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

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

The City reports the following major governmental funds:

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

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

The *Capital Improvement Fund* is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities.

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

Additionally, the City reports the following fund types:

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

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

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

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

City of West Haven, Connecticut

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

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

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

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

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

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

Deposits - The City's cash and cash equivalents consists of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

City of West Haven, Connecticut

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

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

The investment guidelines are as follows:

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

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

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

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

2. Receivables and payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

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

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

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

City of West Haven, Connecticut

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

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

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

3. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

City of West Haven, Connecticut

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

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

5. Long-term obligations

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

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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred charge on refunding and the deferred outflows related to pensions and OPEB in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

City of West Haven, Connecticut

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance collections and deferred inflows related to pensions and OPEB in this category.

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

7. Fund equity and net position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable

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

Restricted

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

City of West Haven, Connecticut

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

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

Assigned

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

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

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

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Use of Estimates

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

9. Reclassifications

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

City of West Haven, Connecticut

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

II. Stewardship, compliance and accountability

A. Budgets and budgetary accounting

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

- By Charter, the Mayor’s recommended budget for the fiscal year beginning July 1 is presented to the City Council no later than the third Thursday in March, with Council action mandated on or before the first Thursday in May.
- After adoption of the original budget, budget transfer amounts less than \$1,500 within departments require the approval of both the Mayor and the Director of Finance. Budget transfer amounts exceeding \$1,500 require the approval of the City Council.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is the department level for the general fund and the fund level for the Allingtown Fire Department.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the City, is authorized under State law to make any transfers required within their budget at their discretion.
- Generally, aside from the Capital Improvement Fund, all unencumbered appropriations lapse at year end. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.
- The City Council can approve additional appropriations on recommendation of the Mayor and certification from the Director of Finance that there is available general fund cash balance. There were no additional appropriations made during the year.

B. Budget - GAAP reconciliation

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

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

City of West Haven, Connecticut

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

C. Excess expenditures over appropriations

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

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

D. Capital projects authorizations

The following is a summary of certain capital projects:

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

City of West Haven, Connecticut

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

III. Detailed notes

A. Cash and investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, \$9,122,334 of the City's bank balance of \$10,283,441 was exposed to custodial credit risk as follows:

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

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

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

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

Fair value of investments

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

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

City of West Haven, Connecticut

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

A. Cash and investments (continued)

The City had the following recurring fair value measurements:

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

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

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

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

City of West Haven, Connecticut

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

A. Cash and investments (continued)

Investments measured at the net asset value (NAV)

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

Investments measured at NAV

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

1. Real estate funds - This type includes 2 real estate funds that invest primarily in U.S. commercial real estate. The funds permit redemptions quarterly with 90 days notice. Distributions from the fund will be received as the underlying investments of the funds are liquidated. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan’s ownership interest in partners’ capital.
2. Private equity funds - This type includes limited partnership funds. These investments have various redemption frequencies and notice periods. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund capital. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Plan’s ownership interest in partner’s capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

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

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

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

City of West Haven, Connecticut

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

A. Cash and investments (continued)

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

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

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

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

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

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

City of West Haven, Connecticut

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

B. Receivables

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

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

City of West Haven, Connecticut

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

C. Capital assets

Capital asset activity for the fiscal year was as follows:

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

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

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

City of West Haven, Connecticut

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

C. Capital assets (continued)

| | Balance July 1, 2016 | Increases | Decreases | Balance June 30, 2017 |
|--|-------------------------|--------------|-----------|--------------------------|
| Allingtown Fire Department: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 36,903 | \$ - | \$ - | \$ 36,903 |
| Capital Assets, being depreciated: | | | | |
| Buildings and improvements | 702,454 | - | - | 702,454 |
| Machinery and equipment | 140,749 | - | - | 140,749 |
| Fire trucks and vehicles | 2,282,277 | - | - | 2,282,277 |
| Infrastructure - hydrants | 367,097 | - | - | 367,097 |
| Fire equipment | 949,078 | - | - | 949,078 |
| Total capital assets, being depreciated | 4,441,655 | - | - | 4,441,655 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 270,898 | 21,734 | - | 292,632 |
| Machinery and equipment | 122,522 | 1,466 | - | 123,988 |
| Fire trucks and vehicles | 1,168,693 | 120,422 | - | 1,289,115 |
| Infrastructure - hydrants | 249,470 | 11,420 | - | 260,890 |
| Fire equipment | 945,078 | 4,000 | - | 949,078 |
| Total accumulated depreciation | 2,756,661 | 159,042 | - | 2,915,703 |
| Total Capital Assets, being depreciated, net | 1,684,994 | (159,042) | - | 1,525,952 |
| Capital Assets, net | \$ 1,721,897 | \$ (159,042) | \$ - | \$ 1,562,855 |

Depreciation expense was charged to the public safety function.

Construction commitments

The City has the following construction commitments:

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

City of West Haven, Connecticut

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

D. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

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

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

City of West Haven, Connecticut

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

D. Interfund accounts (continued)

2. Interfund transfers

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

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

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

E. Short-term obligations - Bond anticipation notes

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

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

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

City of West Haven, Connecticut

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

F. Changes in long-term obligations

1. Summary of changes

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

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

City of West Haven, Connecticut

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

F. Changes in long-term obligations (continued)

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

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

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

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

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

City of West Haven, Connecticut

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

F. Changes in long-term obligations (continued)

2. Statutory debt limitations

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

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

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

3. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

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

4. Capital leases

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

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

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

City of West Haven, Connecticut

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

F. Changes in long-term obligations (continued)

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

5. Claims and judgements

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

6. Risk management

The City is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the City obtains commercial insurance for these risks, but has chosen to retain limited risks for worker’s compensation claims, general liability claims, heart and hypertension claims, and employee medical and prescriptions claims. The City contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the City’s liability for worker’s compensation, general liability, heart and hypertension and medical claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

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

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

City of West Haven, Connecticut

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

F. Changes in long-term obligations (continued)

6. Risk management (continued)

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

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

City of West Haven, Connecticut

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

H. Fund balance classifications

Fund balances are composed of the following:

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

G. Restricted net position

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

I. Deficit fund balances

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

City of West Haven, Connecticut

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

IV. Other information

A. Commitments and litigation

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

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

B. Pension plans

1. Plan Description

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

A. Plan administration

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

B. Plan membership

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

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

City of West Haven, Connecticut

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

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

Allingtown Fire Department

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

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

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

3. Contributions required**Police**

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

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

Allingtown Fire Department

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

Employees are required to contribute 9.5% of their earnings for the current fiscal year if hired before July 1, 1998 and 11.5% if hired after June 30, 1998. The employees' contribution was \$145,266.

City of West Haven, Connecticut

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

C. Pension plans (continued).

4. Investments

Investment policy

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

Valuation of Investments

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

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

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

Police

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

The portfolio nominal mean return including inflation is 7.19%.

City of West Haven, Connecticut

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

C. Pension plans (continued)

Allingtown Fire Department

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

The portfolio nominal mean return including inflation is 6.80%.

5. Rate of return

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

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

6. Concentrations

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

7. Net Pension Liability- Police Pension Plan

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

8. Actuarial assumptions used to calculate net pension liability

| | <u>Police</u> | <u>Allingtown Fire Department</u> |
|-------------------------------|--|--|
| Valuation date | January 1, 2016 | July 1, 2015 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Amortization method | Level Percent Open | Level Percent Closed |
| Remaining amortization period | 5 years | 18 years |
| Asset valuation method | Fair Value | Fair Value |
| Discount rate | 7.375% | 6.75% |
| Merit | 3.50% | 3.50% |
| Inflation | 2.75% | 2.75% |
| Cost of living adjustments | 3.00% for members hired before 6/30/93 1.75% for members hired after 6/30/93 | 1.75% for retirements on or before 11/27/13 2.75% for retirements after 11/27/13 |
| Mortality rates | RP-2000 Mortality Table with blue collar adjustment for healthy annuitants and non-annuitants projected to 2,020 per scale AA. | RP-2000 Combined Healthy Mortality with blue collar adjustment and generational projection per scale AA. |

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

9. Discount rate

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

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

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

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

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

11. Changes in the Net Pension Liability

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

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

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

12. Pension Expense and Deferred Outflows and Inflows of Resources

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

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

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

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

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

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

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

13. Plan Statements

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

13. Plan Statements (continued)

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

City of West Haven, Connecticut

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

C. Pension plans (continued)

14. Defined contribution retirement savings plan

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

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

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

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

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

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

D. Connecticut State Teachers’ Retirement System

1. Plan description

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

City of West Haven, Connecticut

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

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

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

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

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

3. ContributionsState of Connecticut

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

Employer (School Departments)

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

Employees

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

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

D. Connecticut State Teachers' Retirement System (continued)

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

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

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

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

5. Actuarial assumptions

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

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

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

City of West Haven, Connecticut

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

D. Connecticut State Teachers' Retirement System (continued)

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

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

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

City of West Haven, Connecticut

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

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

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

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

8. Plan fiduciary net position

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

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

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

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

b. Benefit provided

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

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

City of West Haven, Connecticut

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

E. Other Post-Employment Benefit Plan (continued)

c. Contributions

1. Employer Contributions

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

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

2. Employee contributions

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

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

d. Employees Covered by Benefit Terms

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

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

2. OPEB Liability

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

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

City of West Haven, Connecticut

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

E. Other Post-Employment Benefit Plan (continued)

3. Actuarial methods and other inputs

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

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

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

Police

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

Teachers and Administrators

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

All Others

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

Allingtown Fire Department

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

City of West Haven, Connecticut

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

E. Other Post-Employment Benefit Plan (continued)

4. Changes in the Total OPEB Liability

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

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

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

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

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

E. Other Post-Employment Benefit Plan (continued)

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

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

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

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

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

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

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

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

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

E. Other Post-Employment Benefit Plan (continued)

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

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

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

F. Prior period adjustment

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

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

**Required
Supplementary
Information**

City of West Haven, Connecticut

Police Pension Plan

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

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

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

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

Schedule of Changes in Net Pension Liability

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

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

City of West Haven, Connecticut

Police Pension Plan

Required Supplementary Information
Last Four YearsSchedule of Net Pension Liability

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

Schedule of Investment Returns

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

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

City of West Haven, Connecticut

Allingtown Fire Department Pension Plan

Required Supplementary Information
Last Four YearsSchedule of Net Pension Liability

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

Schedule of Investment Returns

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

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

City of West Haven, Connecticut

Police Pension Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

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

City of West Haven, Connecticut

Allingtown Fire Department Pension Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

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

City of West Haven, Connecticut

Police Pension Plan

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

Schedule of Contributions

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

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

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

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

City of West Haven, Connecticut

Allingtown Fire Department Pension Plan

Notes to Required Supplementary Information
Last Four Years

Schedule of Contributions

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

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

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

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

City of West Haven, Connecticut

Connecticut State Teachers' Retirement System

Required Supplementary Information
Last Three YearsSchedule of Proportionate Share of the Net Pension Liability

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

Schedule of Contributions

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

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

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

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

City of West Haven, Connecticut

Connecticut State Teachers' Retirement System

Notes to Required Supplementary Information
Last Three Years

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

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

City of West Haven, Connecticut

City Other Post-Employment Benefit (OPEB) Plan

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

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

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

City of West Haven, Connecticut

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

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

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

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

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

Supplemental Schedules

General Fund

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

City of West Haven, Connecticut

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

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

(Continued)

City of West Haven, Connecticut

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

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

(Concluded)

City of West Haven, Connecticut

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

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

(Continued)

City of West Haven, Connecticut

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

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

(Concluded)

City of West Haven, Connecticut

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

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

Allingtown Fire Department

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

City of West Haven, Connecticut

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

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

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

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

City of West Haven, Connecticut

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

06

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Capital Project Funds

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

City of West Haven, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Special Revenue Funds

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

(Continued)

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

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

(Concluded)

City of West Haven, Connecticut

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

Special Revenue Funds

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

(Continued)

City of West Haven, Connecticut

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

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

(Concluded)

Fiduciary Funds

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

Agency Funds

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

City of West Haven, Connecticut

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

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

Trend Information

City of West Haven, Connecticut

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

| | For the Fiscal Year Ended | | | | | | | | | |
|----------------------------------|---------------------------|-------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2016 (as restated) | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Net investment in capital assets | \$ 113,820,843 | \$ 110,165,292 | \$ 103,786,476 | \$ 93,015,386 | \$ 83,270,506 | \$ 69,375,594 | \$ 61,266,156 | \$ 57,222,245 | \$ 52,450,723 | \$ 48,023,222 |
| Restricted | 1,008,845 | 1,450,430 | 199,656 | 143,257 | 240,190 | 164,562 | 233,921 | 602,822 | 319,210 | 1,397,482 |
| Unrestricted | <u>(312,365,310)</u> | <u>(323,319,157)</u> | <u>(153,446,871)</u> | <u>(82,442,903)</u> | <u>(64,127,305)</u> | <u>(53,593,398)</u> | <u>(42,546,305)</u> | <u>(22,031,405)</u> | <u>(11,821,432)</u> | <u>(7,769,825)</u> |
| Total net position | <u>\$ (197,535,622)</u> | <u>\$ (211,703,435)</u> | <u>\$ (49,460,739)</u> | <u>\$ 10,715,740</u> | <u>\$ 19,383,391</u> | <u>\$ 15,946,758</u> | <u>\$ 18,953,772</u> | <u>\$ 35,793,662</u> | <u>\$ 40,948,501</u> | <u>\$ 41,650,879</u> |

City of West Haven, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

Fiscal Year Ended

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|----------------------|----------------------|----------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| General government | \$ 9,351,824 | \$ 7,774,273 | \$ 7,477,278 | \$ 7,987,973 | \$ 9,896,396 | \$ 9,581,831 | \$ 10,517,508 | \$ 10,156,411 | \$ 9,798,519 | \$ 11,527,972 |
| Public safety | 30,531,663 | 32,061,576 | 34,474,682 | 34,391,960 | 37,158,465 | 32,589,270 | 33,535,109 | 13,660,389 | 15,408,852 | 13,988,187 |
| Public works | 21,665,363 | 23,875,064 | 25,086,632 | 21,635,683 | 18,615,619 | 22,120,936 | 20,127,111 | 18,660,033 | 17,838,937 | 18,930,346 |
| Human resources and health and welfare | 3,694,157 | 2,549,216 | 2,768,874 | 2,540,066 | 2,478,153 | 2,699,044 | 3,045,950 | 3,591,450 | 3,596,121 | 3,574,043 |
| Library and other | 1,596,000 | 1,778,657 | 1,798,324 | 1,867,189 | 1,603,717 | 1,603,717 | 1,603,717 | 1,978,359 | 2,038,883 | - |
| Parks and recreation | 2,310,370 | 2,186,667 | 1,968,356 | 1,959,279 | 2,090,380 | 2,006,774 | 2,090,228 | 2,088,704 | 2,163,519 | 1,881,953 |
| Education | 120,668,671 | 122,678,656 | 120,520,940 | 123,106,721 | 106,168,675 | 104,924,164 | 105,779,731 | 114,733,755 | 113,420,176 | 105,810,392 |
| Interest expense | 3,295,938 | 4,719,812 | 3,525,526 | 7,392,322 | 6,358,021 | 6,941,602 | 6,835,336 | 7,328,303 | 7,708,564 | 8,034,364 |
| Total expenses | 193,113,986 | 197,623,921 | 197,620,612 | 200,881,193 | 184,369,426 | 182,467,338 | 183,534,690 | 172,197,404 | 171,973,571 | 163,747,257 |
| Program revenues | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 2,018,005 | 830,937 | 742,464 | 655,798 | 551,292 | 585,478 | 506,594 | 1,075,493 | 1,494,083 | 1,294,789 |
| Public safety | 2,723,298 | 2,500,890 | 2,089,617 | 2,130,821 | 2,022,764 | 1,545,500 | 1,452,708 | 1,331,757 | 1,043,740 | 1,072,780 |
| Public works | 9,489,397 | 13,468,371 | 13,164,265 | 13,470,649 | 10,431,335 | 9,290,665 | 8,078,109 | 6,989,208 | 6,082,949 | 5,994,330 |
| Human resources and health and welfare | 191,118 | 335,370 | 334,002 | 289,573 | 223,963 | 220,959 | 1,005,016 | 184,970 | 338,981 | 235,940 |
| Parks and recreation | 914,321 | 904,347 | 958,168 | 950,469 | 1,060,204 | 911,020 | 905,706 | 901,411 | 831,258 | 931,838 |
| Education | 796,945 | 766,938 | 917,518 | 1,020,331 | 1,097,692 | 1,141,089 | 978,600 | 451,161 | 538,074 | 541,188 |
| Operating grants and contributions | 78,204,022 | 69,612,238 | 70,338,355 | 68,763,572 | 64,923,248 | 63,074,004 | 61,057,889 | 65,595,454 | 64,637,666 | 60,030,561 |
| Capital grants and contributions | 4,397,033 | 6,670,007 | 6,224,629 | 3,365,792 | 5,134,306 | 5,518,859 | 10,290,716 | 4,406,669 | 6,396,584 | 4,775,814 |
| Total program revenues | 98,734,139 | 95,089,098 | 94,769,018 | 90,647,005 | 85,444,804 | 82,287,574 | 84,275,338 | 80,936,123 | 81,363,335 | 74,877,240 |
| Net expenses | (94,379,847) | (102,534,823) | (102,851,594) | (110,234,188) | (98,924,622) | (100,179,764) | (99,259,352) | (91,261,281) | (90,610,236) | (88,870,017) |
| General revenues and other changes in net position | | | | | | | | | | |
| Property taxes | 100,126,868 | 95,079,278 | 92,973,074 | 93,549,828 | 94,905,686 | 89,791,210 | 84,350,418 | 80,619,411 | 85,343,581 | 86,847,919 |
| Grants and contributions not restricted to specific programs | 8,192,236 | 7,553,442 | 7,593,745 | 7,369,539 | 8,820,355 | 6,513,841 | 5,680,141 | 5,428,729 | 4,391,529 | 4,066,705 |
| Investment income | 11,508 | 6,718 | 7,766 | 8,491 | 12,968 | 19,877 | 29,048 | 58,032 | 172,748 | 573,161 |
| Gain on sale of capital assets | - | - | - | - | 451,999 | - | - | - | - | - |
| Transfers | - | - | 1,448,500 | 59,274 | - | - | - | - | - | - |
| Miscellaneous | 217,048 | 1,043,784 | 278,459 | 579,405 | 247,020 | 847,822 | 579,440 | - | - | - |
| Total general revenues | 108,547,660 | 103,683,222 | 102,301,544 | 101,566,537 | 104,438,028 | 97,172,750 | 90,639,047 | 86,106,172 | 89,907,858 | 91,487,785 |
| Change in net position | \$ 14,167,813 | \$ 1,148,399 | \$ (550,050) | \$ (8,667,651) | \$ 5,513,406 | \$ (3,007,014) | \$ (8,620,305) | \$ (5,155,109) | \$ (702,378) | \$ 2,617,768 |

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

For the Fiscal Year Ended June 30

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ 152,351 | \$ 6,116,001 | \$ 1,760,849 | \$ 5,537,319 | \$ 3,935,324 | \$ 993,567 | \$ 3,028,175 | \$ 1,061,454 | \$ - |
| Unassigned | <u>(18,138,674)</u> | <u>(16,888,415)</u> | <u>(16,313,098)</u> | <u>(10,254,844)</u> | <u>(13,313,968)</u> | <u>(14,471,990)</u> | <u>(11,544,797)</u> | <u>(13,768,153)</u> | <u>(5,896,031)</u> | <u>(4,864,673)</u> |
| Total general fund | <u>(18,138,674)</u> | <u>(16,736,064)</u> | <u>(10,197,097)</u> | <u>(8,493,995)</u> | <u>(7,776,649)</u> | <u>(10,536,666)</u> | <u>(10,551,230)</u> | <u>(10,739,978)</u> | <u>(4,834,577)</u> | <u>(4,864,673)</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | - | 149,832 | 2,079,171 | - | - | - | - | - | - | - |
| Restricted | 1,008,845 | 1,450,430 | 199,656 | 200,587 | 240,190 | 164,562 | 233,921 | 602,822 | 319,210 | 1,397,482 |
| Committed | 1,387,873 | - | - | 402,098 | 474,174 | 222,133 | 4,146 | 4,146 | 4,146 | 4,146 |
| Unassigned | <u>(866,460)</u> | <u>(2,661,727)</u> | <u>(9,734,429)</u> | <u>(8,781,547)</u> | <u>(9,274,093)</u> | <u>(31,937,625)</u> | <u>(23,863,693)</u> | <u>(7,910,482)</u> | <u>(13,937,730)</u> | <u>(13,259,983)</u> |
| Total all other governmental funds | <u>1,530,258</u> | <u>(1,061,465)</u> | <u>(7,455,602)</u> | <u>(8,178,862)</u> | <u>(8,559,729)</u> | <u>(31,550,930)</u> | <u>(23,625,626)</u> | <u>(7,303,514)</u> | <u>(13,614,374)</u> | <u>(11,858,355)</u> |
| Grand total | <u>\$ (16,608,416)</u> | <u>\$ (17,797,529)</u> | <u>\$ (17,652,699)</u> | <u>\$ (16,672,857)</u> | <u>\$ (16,336,378)</u> | <u>\$ (42,087,596)</u> | <u>\$ (34,176,856)</u> | <u>\$ (18,043,492)</u> | <u>\$ (18,448,951)</u> | <u>\$ (16,723,028)</u> |

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

For the Fiscal Year Ended June 30

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------------------|---------------------|-----------------------|------------------------|----------------------|-----------------------|------------------------|---------------------|-----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 99,833,820 | \$ 95,978,106 | \$ 94,212,286 | \$ 94,202,314 | \$ 93,881,204 | \$ 88,736,315 | \$ 85,420,340 | \$ 84,739,371 | \$ 85,343,581 | \$ 85,906,419 |
| Intergovernmental | 90,254,995 | 93,208,317 | 84,253,028 | 79,386,506 | 78,651,759 | 75,183,807 | 75,024,583 | 75,795,597 | 72,728,301 | 67,231,796 |
| Charges for services | 18,734,961 | 18,007,328 | 18,188,324 | 17,558,937 | 15,337,866 | 13,320,135 | 11,895,703 | 10,165,167 | 10,160,102 | 9,931,794 |
| Contributions | 113,144 | 6,718 | 7,766 | 8,491 | 226,150 | 2,000 | 15,123 | - | - | - |
| Income from investments | 11,508 | 178,812 | 116,280 | 76,150 | 12,968 | 19,877 | 29,048 | 58,032 | 172,748 | 573,161 |
| Miscellaneous | 642,200 | 628,784 | 237,909 | 579,405 | 247,020 | 843,307 | 3,579,440 | 1,935,834 | 3,070,073 | 1,943,957 |
| Total revenues | 209,590,628 | 208,008,065 | 197,015,593 | 191,811,803 | 188,356,967 | 178,105,441 | 175,964,237 | 172,694,001 | 171,474,805 | 165,587,127 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 6,085,057 | 5,647,074 | 5,510,058 | 5,737,466 | 6,078,850 | 5,671,255 | 5,405,726 | 5,355,904 | 5,235,808 | 4,899,318 |
| Public safety | 22,508,563 | 22,317,496 | 22,153,601 | 20,666,182 | 20,922,581 | 14,666,101 | 13,819,243 | 13,610,437 | 14,204,302 | 13,916,881 |
| Public works | 17,698,206 | 20,136,638 | 19,549,895 | 17,357,922 | 17,894,033 | 16,586,561 | 15,316,633 | 15,596,919 | 15,408,521 | 15,101,735 |
| Benefits and insurance | 16,281,933 | 16,451,288 | 15,890,748 | 13,602,831 | 12,431,531 | 13,359,388 | 12,980,809 | 13,667,488 | 12,843,986 | 11,808,382 |
| Health and welfare | 2,636,816 | 2,076,300 | 2,253,077 | 1,946,985 | 2,105,842 | 2,435,373 | 2,486,262 | 3,149,758 | 3,152,310 | 3,165,587 |
| Library and other | 1,596,000 | 1,596,000 | 1,630,001 | 1,630,000 | 1,603,717 | 1,603,717 | 1,810,410 | 1,751,335 | 1,751,335 | 1,927,079 |
| Parks and recreation | 1,814,119 | 1,832,991 | 1,629,541 | 1,563,951 | 1,593,077 | 1,698,512 | 1,702,381 | 1,634,962 | 1,817,968 | 1,707,053 |
| Education | 117,578,132 | 118,107,395 | 107,662,010 | 105,512,213 | 101,724,814 | 99,862,121 | 98,972,044 | 100,486,319 | 96,910,228 | 92,278,424 |
| Capital outlay | 11,500,844 | 2,389,770 | 9,989,505 | 9,474,379 | 8,936,009 | 15,014,444 | 21,279,948 | 11,041,054 | 3,429,694 | 3,857,723 |
| Debt service | | | | | | | | | | |
| Principal | 14,481,595 | 13,661,624 | 20,949,694 | 15,213,760 | 11,349,748 | 11,593,783 | 11,689,499 | 10,591,607 | 10,779,544 | 11,177,261 |
| Interest | 4,184,845 | 4,026,967 | 4,123,543 | 5,611,867 | 6,667,650 | 7,088,281 | 6,841,339 | 7,355,074 | 7,667,032 | 7,968,846 |
| Total expenditures | 216,366,110 | 208,243,543 | 211,341,673 | 198,317,556 | 191,307,852 | 189,579,536 | 192,097,601 | 184,299,932 | 173,200,728 | 167,808,289 |
| Excess (deficiency) of revenues over expenditures | (6,775,482) | (235,478) | (14,326,080) | (6,505,753) | (2,950,885) | (11,474,095) | (16,133,364) | (11,605,931) | (1,725,923) | (2,221,162) |
| Other financing sources (uses) | | | | | | | | | | |
| Issuance of refunding debt | - | - | 38,715,000 | - | - | 47,410,000 | - | 7,420,000 | - | - |
| Payment to refunded bond escrow agent | - | - | (38,377,921) | (6,392,319) | - | (51,024,942) | - | (7,366,610) | - | - |
| Issuance of debt | 9,635,000 | - | 10,945,544 | - | 28,250,103 | 3,685,000 | - | 11,716,000 | - | - |
| Capital leases | - | - | 615,118 | - | - | 286,925 | - | 242,000 | - | - |
| Premium | - | - | - | - | - | 4,523,571 | - | - | - | - |
| Sale of capital assets | 308,450 | 415,000 | 1,448,500 | - | 452,000 | 4,515 | - | - | - | - |
| Transfers in | 2,481,646 | 6,055,392 | 2,658,337 | 3,235,880 | 3,158,782 | 2,650,915 | 2,989,178 | 2,861,923 | 1,997,144 | 11,294,282 |
| Transfers out | (2,481,646) | (6,379,744) | (2,658,337) | (3,176,606) | (3,158,782) | (2,650,915) | (2,989,178) | (2,861,923) | (1,997,144) | (11,294,282) |
| Net other financing sources (uses) | 9,943,450 | 90,648 | 13,346,241 | (6,333,045) | 28,702,103 | 4,885,069 | - | 12,011,390 | - | - |
| Net change in fund balances | \$ 3,167,968 | \$ (144,830) | \$ (9,167,903) | \$ (12,838,798) | \$ 25,751,218 | \$ (6,589,026) | \$ (16,133,364) | \$ 405,459 | \$ (1,725,923) | \$ (2,221,162) |
| Debt service as a percentage of noncapital expenditures | 9.11% | 8.59% | 12.45% | 11.03% | 9.88% | 10.70% | 10.85% | 10.36% | 10.87% | 11.68% |

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

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

Source: Tax Collector

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

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

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

Source: Tax Collector

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

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

City of West Haven, Connecticut

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

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

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

(1) Per Connecticut State Department of Health

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

Tax Base:

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

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

**Federal Single Audit
and
State Single Audit**

of the

City of West Haven, Connecticut

For the Year Ended June 30, 2017

City of West Haven, Connecticut

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**Federal
Single
Audit**

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Passed through to subrecipients | Total Expenditures |
|--|---------------------|--|---------------------------------|--------------------|
| <u>U.S. Department of Agriculture</u> | | | | |
| Direct Program | | | | |
| Emergency Watershed Protection Program - Floodplain Easements Disaster Relief Appropriations Act | 10.928 | N/A | \$ - | \$ 150,723 |
| Passed through State Department of Education: | | | | |
| Child Nutrition Cluster: | | | | |
| School Breakfast Program | 10.553 | 12060-SDE64370-20508-82079 | - | 504,464 |
| National School Lunch Program - Cash | 10.555 | 12060-SDE64370-20560-82079 | - | 1,698,843 |
| National School Lunch Program - Commodities | 10.555 | 12060-SDE64370-20560-82079 | - | 133,411 |
| Total Child Nutrition Cluster | | | | 2,336,718 |
| Fresh Fruit and Vegetable Program | 10.582 | 12060-SDE64370-22051-82079 | - | 81,335 |
| Total U.S. Department of Agriculture | | | | 2,568,776 |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Direct Program: | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | N/A | - | 832,668 |
| Passed through the State Department of Housing: | | | | |
| CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster: | | | | |
| Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) | 14.269 | 12060-DOH46961-29516 | - | 278,000 |
| Total U.S. Department of Housing and Urban Development | | | | 1,110,668 |
| <u>U.S. Department of Transportation</u> | | | | |
| Passed through State Department of Transportation: | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Highway Planning and Construction | 20.205 | 12062-DOT57343-22108 | - | 12,535 |
| Highway Safety Cluster: | | | | |
| National Priority Safety Programs | 20.616 | 12062-DOT57513-22600 | - | 2,621 |
| Total U.S. Department of Transportation | | | | 15,156 |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Passed through State Department of Public Health: | | | | |
| Beach Monitoring and Notification Program Implementation Grants | 66.472 | 12060-DPH48798-21888 | - | 275 |
| Passed through State Department of Energy and Environmental Protection: | | | | |
| Performance Partnership Grant | 66.605 | 12060-DEP43540-21010 | - | 10 |
| Total U.S. Environmental Protection Agency | | | | 285 |
| <u>U.S. Department of Education</u> | | | | |
| Passed through State Department of Education: | | | | |
| Adult Education - Basic Grants to States | 84.002 | 12060-SDE64370-20784-84002-2017 | - | 30,000 |
| Title I | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 12060-SDE64370-20679-82070-2017 | - | 2,366,130 |
| Common Core | 84.010 | 12060-SDE64370-20679-82166-2017 | - | 25,000 |
| Total Title I | | | | 2,391,130 |
| Career and Technical Education - Basic Grants to States | 84.048 | 12060-SDE64370-20742-84010-2017 | - | 117,399 |
| Special Education Cluster (IDEA): | | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 12060-SDE64370-20977-82032-2017 | - | 1,552,600 |
| Special Education - Preschool Grants (IDEA Preschool) | 84.173 | 12060-SDE64370-20983-82032-2017 | - | 58,280 |
| Total Special Education Cluster (IDEA) | | | | 1,610,880 |
| Title III | | | | |
| English Language Acquisition State Grants (Title III, Part A) | 84.365 | 12060-SDE64370-20868-82075-2017 | - | 115,492 |
| Immigrant & Youth Education Program | 84.365 | 12060-SDE64370-20868-82076-2017 | - | 18,444 |
| Total Title III | | | | 133,936 |
| Supporting Effective Instruction State Grants (Title II, Part A) | 84.367 | 12060-SDE64370-20858-84131-2017 | - | 228,121 |
| Total U.S. Department of Education | | | | 4,511,466 |

(Continued)

See Notes to Schedule of Expenditures of Federal Awards.

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Passed through to subrecipients | Total Expenditures |
|--|---------------------------|--|------------------------------------|-----------------------|
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Passed through the State Department of Public Health: | | | | |
| Public Health Emergency Preparedness | 93.069 | 12060-DPH48557-22333 | \$ - | \$ 57,972 |
| Immunization Cooperative Agreements | 93.268 | 12060-DPH48664-20911 | - | 13,608 |
| PPHF Capacity Building Assistance to Strengthen Public Health | | | | |
| Immunization Infrastructure and Performance | 93.539 | 12060-DPH48664-22742 | - | 24,155 |
| Preventative Health and Health Services Block Grant | 93.758 | 12060-DPH48558-22664 | - | <u>28,820</u> |
| Total U.S. Department of Health and Human Services | | | | <u>124,555</u> |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Passed through the State Department of Emergency Services and Public Protection: | | | | |
| Emergency Management Performance Grants | 97.042 | 12060-DPS32160-21881 | <u>-</u> | <u>21,928</u> |
| Total Federal Awards | | | <u>\$ -</u> | <u>\$ 8,352,834</u> |
| N/A- Not applicable or not available. | | | | (Concluded) |

See Notes to Schedule of Expenditures of Federal Awards.

City of West Haven, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the Federal award activity of the City of West Haven, Connecticut under programs of the federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the City.

2. Summary of significant accounting policies

A. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

B. The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Noncash federal awards

The City received and expended \$133,411 of USDA donated commodities under the National School Lunch Program.

City of West Haven, Connecticut

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017**

Finding 2016-001 General Fund Deficit

Condition:

The City has not budgeted the accumulated fund deficit in the General Fund as required by State statutes.

Current status:

The finding has been repeated as Finding 2017-001.

Reason for recurrence:

The City had planned to fund the deficit by issuing deficit financing bonds. This did not occur until November 2017.

Finding 2016-002 Segregation of Duties

Condition:

Currently, the City and Board of Education payroll clerks have the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Current status:

The finding has been repeated as Finding 2017-002 for the City. The Board of Education has corrected their portion of the finding.

Reason for recurrence:

Due to staffing issues, the City has been unable to implement the planned corrective action.

Finding 2016-003 Year End Closing Procedures

Condition:

There were significant revenue accrual and interfund adjustments made to the final trial balances for certain education grant funds.

Current status:

The finding has been corrected.

City of West Haven, Connecticut

**Summary Schedule of Prior Year Audit Findings (Continued)
For the Year Ended June 30, 2017**

Finding 2016-004 Data Collection Form

Condition:

The City did not file the 2014, 2015, and 2016 Data Collection Form with the Federal Audit Clearinghouse within federal guidelines.

Current status:

The finding has been repeated as Finding 2017-003.

Reason for recurrence:

Due to staffing issues, the City has been unable to implement the planned corrective action.

City of West Haven, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance
for major programs:

Unmodified opinion

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR Section 200.516(a)?

yes no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 14.218 | CDBG – Entitlement Grants Cluster |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.027, 84.173 | Special Education Cluster (IDEA) |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017**

II - Findings - Financial Statement Audit

Finding 2017-001 General Fund Deficit

Criteria

State Statutes Section 7-390 require that municipalities include any General Fund deficit which exists at the beginning of the fiscal year in the budget that is being prepared. The City's General Fund deficit was \$18,138,674 as of June 30, 2017.

Condition

The City has not included the accumulated fund balance deficit in the General Fund of \$18,138,674 in the current budget being prepared.

Context

Not applicable.

Effect

The City is not in compliance with State Statutes.

The potential exists for the overall financial condition to continue to deteriorate and the City may not have the ability to meet their short-term cash needs. In addition, outside oversight has been mandated as conditions have worsened.

Cause

The City has not adopted a budget to address the City's General Fund deficit.

Recommendation

The City should implement a plan to fund the General Fund deficit.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City issued deficit financing general obligation bonds in November 2017 to address the deficit.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017**

II - Findings - Financial Statement Audit (Continued)

Finding 2017-002 Segregation of Duties

Criteria

In order to maintain the proper internal controls, the City should have proper segregation of duties for all material financial transactions and balances.

Condition

Currently, the City payroll clerks have the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Context

Systemic in nature.

Effect

The lack of proper controls and segregation of duties increases the risk of error, fraud, misappropriation of assets and inaccurate financial reporting.

Cause

Controls have not been established to enable proper segregation of duties for all functional areas for this department.

Recommendation

The City should revised their policies so that incompatible responsibilities within the payroll process be segregated between employees.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City will review current processing procedures to strengthen internal control over segregation of duties.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017**

III - Findings and Questioned Costs - Major Federal Award Programs Audit

Finding 2017-003 Data Collection Form

Condition

The City did not file the 2014, 2015, and 2016 Data Collection Forms with the Federal Audit Clearinghouse within federal guidelines.

Criteria

In order to comply with federal guidelines, the City needs to file its Data Collection Forms within nine months of year-end or thirty days after issuance.

Questioned costs

There were no questioned costs.

Context

The 2014, 2015, 2016, and 2017 financial reporting packages were not filed on time.

Effect

The City was not in compliance with federal guidelines, which could cause a reduction or loss in funding from Federal grantors.

Cause

The City did not commit adequate resources to enable completion of the financial statements in a timely manner.

Recommendation

The City should implement procedures to ensure financial statements are completed in a timely manner and the federal reporting package is filed within federal guidelines.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City will complete financial and compliance reports in a timely manner.

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut ("City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017-001 to 2017-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
June 5, 2018

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

City Council
City of West Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the City of West Haven, Connecticut's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

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Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Page 3

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 5, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
June 5, 2018

State Single Audit

City of West Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2017**

| State Grantor/Pass-Through Grantor/Program Title | State Grant Program Core CT Number | Passed through to subrecipients | Total Expenditures |
|--|---------------------------------------|------------------------------------|-----------------------|
| Department of Administrative Services Alliance District General Improvements | 12052-DAS27635-43651 | \$ - | \$ 1,699,234 |
| Department of Agriculture Shell Fish Taxes and Rents | 34003-DAG42660-42337 | - | 53,622 |
| State Comptroller Nitrogen Credit Exchange Program | 21016-OTT14230-42407 | - | 222,040 |
| Office of Early Childhood Child Day Care | 11000-OEC64841-16274 | 641,227 | 641,227 |
| School Readiness in Priority School Districts | 11000-OEC64845-16274-83014 | - | 1,996,924 |
| School Readiness Quality Enhancement | 11000-OEC64845-17097-82079 | - | 33,318 |
| Department of Economic and Community Development Brownfield Remediation | 12060-ECD46260-35533 | - | 1,135,457 |
| Brownfield Remediation - Front Ave, Collis & West Clark Street | 12060-ECD46260-35533 | - | 162,668 |
| Urban Act Grant - OPM | 13019-ECD46210-41240 | - | 20,000 |
| Department of Education School-Based Diversion Initiative | 11000-SDE64370-12587-82079 | - | 50,000 |
| Family Resource Centers | 11000-SDE64370-16110-82079 | - | 103,000 |
| Youth Services Bureau Enhancement | 11000-SDE64370-16201-82079 | - | 7,550 |
| Child Nutrition State Matching Grant | 11000-SDE64370-16211-82051 | - | 25,513 |
| Healthy Foods Initiative | 11000-SDE64370-16212-82010 | - | 71,325 |
| Adult Education | 11000-SDE64370-17030-84002 | - | 213,739 |
| Health Services | 11000-SDE64370-17034-82010 | - | 62,337 |
| Alliance District Funding Program | 11000-SDE64370-17041-82164 | - | 3,741,184 |
| Bilingual Education | 11000-SDE64370-17042-82079 | - | 36,147 |
| School Breakfast | 11000-SDE64370-17046-82058 | - | 26,221 |
| Youth Services Bureau | 11000-SDE64370-17052-82079 | - | 36,155 |
| Magnet Schools - Transportation | 11000-SDE64370-17057-82061 | - | 210,600 |
| Department of Emergency Services and Public Protection School Security Grant | 12052-DPS32161-43546 | - | 161,411 |
| Drug Assets Forfeiture Funds | 12060-DPS32155-35142 | - | 3,020 |
| Telecommunications Fund | 12060-DPS32741-35190 | - | 122,011 |
| Department of Energy and Environmental Protection Clean Water Fund | 21014-DEP43270-40001 | - | 16,929 |
| Department of Justice Non-Budgeted Operating Appropriations | 34001-JUD95162-40001 | - | 12,368 |
| Non-Budgeted Operating Appropriations | 34006-JUD95431-40001 | - | 9,500 |
| Office of Policy and Management Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals | 11000-OPM20600-17006 | - | 5,348,141 |
| Property Tax Relief on Property of Totally Disabled Persons | 11000-OPM20600-17011 | - | 5,850 |
| Property Tax Relief for Elderly and Totally Disabled Homeowners | 11000-OPM20600-17018 | - | 367,067 |
| Property Tax Relief for Elderly Homeowners - Freeze Program | 11000-OPM20600-17021 | - | 8,000 |
| Property Tax Relief for Veterans | 11000-OPM20600-17024 | - | 118,373 |
| Local Capital Improvement Program | 12050-OPM20600-40254 | - | 741,205 |
| Municipal Grants-in-Aid | 12052-OPM20600-43587 | - | 190,544 |
| Department of Public Health Local and District Departments of Health | 11000-DPH48558-17009 | - | 57,506 |
| X-Ray Screening and Tuberculosis Care | 11000-DPH48666-16112 | - | 4,910 |
| Department of Social Services: Medicaid | 11000-DSS60000-16020 | - | 464,376 |
| Connecticut State Library Historic Documents Preservation Grant | 12060-CSL66094-35150 | - | 5,000 |
| CT Education Network | 12062-CSL66011-43649 | - | 16,360 |
| Department of Transportation Town Aid Roads Grants Transportation Fund | 12052-DOT57131-43455 | - | 616,673 |
| Total State Financial Assistance Before Exempt Programs | | 641,227 | 17,118,271 |

(Continued)

See Notes to Schedule of Expenditures of State Financial Assistance.

City of West Haven, Connecticut
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2017

| <u>State Grantor/Pass-Through Grantor/Program Title</u> | <u>State Grant Program Core CT Number</u> | <u>Passed through to subrecipients</u> | <u>Total Expenditures</u> |
|---|---|--|-------------------------------|
| <u>Exempt Programs:</u> | | | |
| Department of Education: | | | |
| Special Education - Excess Cost - Student Based | 11000-SDE64370-17047 | \$ - | \$ 2,007,722 |
| Education Cost Sharing | 11000-SDE64370-17041-82010 | - | 41,354,858 |
| Department of Administrative Services: | | | |
| School Construction Projects - Principal | 13010-DAS27635-40901 | - | 475,000 |
| Office of Policy and Management: | | | |
| Municipal Revenue Sharing | 12002-OPM20600-17102 | - | 1,980,938 |
| Mashantucket Pequot/Mohegan Fund Grant | 12009-OPM20600-17005 | - | 969,932 |
| Total Exempt Programs | | <u>-</u> | <u>46,788,450</u> |
| Total State Financial Assistance | | <u>\$ 641,227</u> | <u>\$ 63,906,721</u> |
| | | | (Concluded) |

See Notes to Schedule of Expenditures of State Financial Assistance.

City of West Haven, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance For the Year Ended June 30, 2017

1. Basis of presentation

The accompanying schedule of expenditures of state financial assistance ("Schedule") includes State grant activity of the City of West Haven, Connecticut ("City"), under programs of the State of Connecticut. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, finance, public safety, public works, health and welfare, culture and recreation and education.

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the City.

2. Summary of significant accounting policies

The accounting policies of the City, conform to accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

City of West Haven, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2017**

3. Loan program

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity:

Department of Energy and Environmental Protection:

Clean Water Funds: (21014-OTT14230-40001)

| Grant ID | Issue Date | Interest Rate | Original Amount | Balance July 1, 2016 | Retired | Balance June 30, 2017 |
|------------|------------|---------------|----------------------|----------------------|---------------------|-----------------------|
| CWF167-C | 10/30/1998 | 2.0% | \$ 4,858,956 | \$ 384,168 | \$ 287,164 | \$ 97,004 |
| CWF347-C | 5/31/2000 | 2.0% | 1,618,947 | 321,296 | 91,778 | 229,518 |
| CWF444-C | 3/31/2001 | 2.0% | 1,603,000 | 392,495 | 89,373 | 303,122 |
| CWF348-C | 11/30/2001 | 2.0% | 4,407,222 | 1,138,616 | 244,902 | 893,714 |
| CWF346-C | 12/31/2003 | 2.0% | 801,945 | 293,749 | 42,746 | 251,003 |
| CWF348-C1 | 12/31/2003 | 2.0% | 1,728,831 | 639,063 | 92,151 | 546,912 |
| CWF348-CD1 | 9/29/2006 | 2.0% | 617,707 | 214,792 | 46,297 | 168,495 |
| CWF346-CD2 | 5/31/2007 | 2.0% | 801,055 | 334,129 | 51,405 | 282,724 |
| CWF549-C | 7/1/2013 | 2.0% | 28,250,103 | 23,347,885 | 1,245,489 | 22,102,396 |
| CWF549-CD2 | 6/30/2015 | 2.0% | 1,425,544 | 1,354,419 | 72,682 | 1,281,737 |
| | | | \$ 46,113,310 | \$ 28,420,612 | \$ 2,263,987 | \$ 26,156,625 |

City of West Haven, Connecticut
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017

Finding 2016-001 General Fund Deficit

Condition:

The City has not budgeted the accumulated fund deficit in the General Fund as required by State Statutes.

Current status:

The finding has been repeated as Finding 2017-001.

Reason for recurrence:

The City had planned to fund the deficit by issuing deficit financing bonds. This did not occur until November 2017.

Finding 2016-002 Segregation of Duties

Condition:

Currently, the City and Board of Education's payroll clerks have the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Current status:

The finding has been repeated as Finding 2017-002 for the City. The Board of Education has corrected their portion of the finding.

Reason for recurrence:

Due to staffing issues, the City has been unable to implement the planned corrective action.

Finding 2016-003 Year End Closing Procedures

Condition:

There were significant revenue accrual and interfund adjustments made to the final trial balances for certain education grant funds.

Current status:

The finding has been corrected.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

I. Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: Unmodified opinion

Internal control over financial reporting:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? x yes none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Type of auditors' opinion issued on compliance
 for major programs: Unmodified opinion

Any audit findings disclosed that are required
 to be reported in accordance with Section 4-236-24
 of the Regulations of the State Single Audit Act? yes x no

The following schedule reflects the major programs included in the audit:

| <u>State Grantor and Program</u> | <u>State Core-CT Number</u> | <u>Expenditures</u> |
|--|---------------------------------|---------------------|
| <u>Department of Administrative Services:</u> Alliance District General Improvements | 12052-DAS27635-43651 | \$ 1,699,234 |
| <u>Department of Economic and Community Development:</u> Brownfield Remediation | 12060-ECD46260-35533 | 1,298,125 |
| <u>Department of Education:</u> Alliance District Funding Program | 11000-SDE64370-17041-82164 | 3,741,184 |
| <u>Office of Policy and Management:</u> Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals | 11000-OPM20600-17006 | 5,348,141 |
| <u>Department of Social Services:</u> Medicaid | 11000-DSS60000-16020 | 464,376 |
| Dollar Threshold used to distinguish between type A and type B programs: | | <u>\$ 376,350</u> |

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017**

II - Findings - Financial Statement Audit

Finding 2017-001 General Fund Deficit

Criteria

State Statutes Section 7-390 require that municipalities include any General Fund deficit which exists at the beginning of the fiscal year in the budget that is being prepared. The City's General Fund deficit was \$18,138,674 as of June 30, 2017.

Condition

The City has not included the accumulated fund balance deficit in the General Fund of \$18,138,674 in the current budget being prepared.

Context

Not applicable.

Effect

The City is not in compliance with State Statutes.

The potential exists for the overall financial condition to continue to deteriorate and the City may not have the ability to meet their short-term cash needs. In addition, outside oversight has been mandated as conditions have worsened.

Cause

The City has not adopted a budget to address the City's General Fund deficit.

Recommendation

The City should implement a plan to fund the General Fund deficit.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City issued deficit financing general obligation bonds in November 2017 to address the deficit.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017**

II - Findings - Financial Statement Audit (Continued)

Finding 2017-002 Segregation of Duties

Criteria

In order to maintain the proper internal controls, the City should have proper segregation of duties for all material financial transactions and balances.

Condition

Currently, the City payroll clerks have the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Context

Systemic in nature.

Effect

The lack of proper controls and segregation of duties increases the risk of error, fraud, misappropriation of assets and inaccurate financial reporting.

Cause

Controls have not been established to enable proper segregation of duties for all functional areas for this department.

Recommendation

The City should revised their policies so that incompatible responsibilities within the payroll process be segregated between employees.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City will review current processing procedures to strengthen internal control over segregation of duties.

III. State Financial Assistance Findings and Questioned Costs

None.

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut ("City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017-001 to 2017-002.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
June 5, 2018

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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

Report on Compliance for Each Major State Program

We have audited the City of West Haven, Connecticut's ("City") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2017. The City's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

**City Council
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Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

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

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Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated June 5, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
June 5, 2018