



May 4, 2016

MEMORANDUM TO PROSPECTIVE BIDDERS

Re: CITY OF ANSONIA, CONNECTICUT
Lot A - \$4,000,000 G.O. Bond Anticipation Notes (Tax-Exempt)
Lot B - \$2,905,000 G.O. Bond Anticipation Notes (Taxable)

Dated: May 23, 2016

Date of Sales: Wednesday, May 11, 2016

Time of Sales:

Lot A Due: September 1, 2016

Lot A – 11:00 am (Eastern Time)

Lot B Due: February 22, 2017

Lot B – 11:30 am (Eastern Time)

*****Phone Number to Place Bid: (203) 283-1110*****

As per the Notice of Telephone Sales, proposals may be submitted by telephone on Wednesday, May 11, 2016. Please note that a representative of Phoenix Advisors, LLC will be available on the day of the sale to assist with telephone bids. We ask that you submit your final bids by telephone at **(203) 283-1110 no later than 11:00 A.M for Lot A and 11:30 am for Lot B on Wednesday, May 11, 2016.**

The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.

The General Purpose Financial Statements have been excerpted from the Annual Financial Report of the City of Ansonia, Connecticut as of June 30, 2015. These excerpts are included in this package. Copies of the complete reports for June 30th are available upon request from Phoenix Advisors, LLC, Attention: Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 283-1110.

We trust we may be of service.

PHOENIX ADVISORS, LLC



Telephone Sale Term Sheet

City of Ansonia, Connecticut

Lot A: \$4,000,000 G.O. Bond Anticipation Notes (Tax-Exempt)

Lot B: \$2,905,000 G.O. Bond Anticipation Notes (Taxable)

Date of Sale: Wednesday, May 11, 2016. Lot A at 11:00 A.M and Lot B at 11:30 A.M. (E.D.T)

Location of Sale: Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone: (203) 283-1110

Issuer: City of Ansonia, Connecticut (the "City").

Issue: Lot A: \$4,000,000 General Obligation Bond Anticipation Notes (**Tax-Exempt**)
Lot B: \$2,905,000 G.O. Bond Anticipation Notes (**Taxable**)

Dated Date: Lot A and Lot B: May 23, 2016

Principal and Interest Due: Lot A: September 1, 2016

Principal and Interest Due: Lot B: February 22, 2017

Purpose: The Notes are being issued to renew notes initially issued to finance various capital projects.

Denominations: \$100,000, except that one such proposal for a part may include the odd \$105,000 of principal amount for the Lot B Notes.

Redemption: The Notes are not subject to redemption prior to maturity.

Security: The Notes will be General Obligations of the City and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.

Credit Rating: No application for a rating on this Note issue has been made to any credit rating agency. The City has an outstanding bond rating of "Aa3" from Moody's Investors Service.

Basis of Award: Lowest Net Interest Cost (NIC), as of dated date.

Form of Legal Opinion and Tax Exemption: See "Bond Counsel Opinion" in the Notice of Telephone Sale.

Bank Qualification: The Lot A Notes shall be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registrar, Transfer Agent, Certifying Agent and Paying Agent: U.S. Bank National Association of Hartford, Connecticut, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.

Financial Advisor: Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 283-1110.

Legal Opinion: Joseph Fasi LLC of Hartford, Connecticut will act as Bond Counsel.

Delivery and Payment: It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about May 23, 2016. Delivery of the Notes will be made against payment in immediately available Federal Funds.

Issuer Official: Questions concerning the City should be directed to Richard Bshara, Acting Comptroller, City Hall, 253 Main Street, Ansonia, Connecticut 06401, Telephone: (203) 736-5931 or Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 283-1110.

NOTICE OF SALE
\$6,905,000
CITY OF ANSONIA, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES

The City of Ansonia, Connecticut (the "Issuer"), will receive **telephone proposals only** on **Wednesday, May 11, 2016** at the offices of **Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460**, for the purchase of:

LOT A:

BANK QUALIFIED

\$4,000,000 TAX EXEMPT General Obligation Bond Anticipation Notes

Dated: May 23, 2016

Due: September 1, 2016

Until 11:00 A.M. (E.D.T.)

LOT B:

NOT BANK QUALIFIED

\$2,905,000 TAXABLE General Obligation Bond Anticipation Notes

Dated: May 23, 2016

Due: February 22, 2017

Until 11:30 A.M. (E.D.T.)

Proposals may be submitted to Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC as Agent for the Issuer, **at telephone no. (203) 283-1110.**

The Lot A Tax Exempt Notes and Lot B Taxable Notes are collectively referred to in this Notice of Sale as the "notes."

The notes will be dated **May 23, 2016**, will be payable to the registered owner on **September 1, 2016 for the Lot A Notes, and February 22, 2017 for the Lot B Notes**, and are not subject to redemption prior to maturity. They will be issued in the minimum denomination of \$100,000 or whole multiples thereof, except one such note will include the odd \$105,000 for the Lot B notes. **Denominations of less than \$100,000 will not be made available.** They will bear interest (which interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. The book-entry system will evidence ownership of the notes in the minimum principal amounts of \$100,000, as described above, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder or bidders, as a condition to delivery of the notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the notes will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Submitting Proposals

Proposals for purchase may be submitted by telephone call only to the Issuer's Agent as previously set forth. In submitting a bid by telephonic means, the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound thereby and, further, such bidder accepts and understands the risk that its bid may not be received by the Issuer or may be received later than the time specified as the result of a failure in communications, including but not limited to a failure in telephonic communications, or the inability to reach the Agent by the time specified.

Proposals for the purchase of said notes will be transcribed by the Agent onto the form of proposal for purchase attached hereto. Bidders may submit proposals for Lot A, Lot B or both Lots, but any proposal for a part must be for a minimum of \$100,000, of principal amount per interest rate bid, or a whole multiple thereof, except that one such proposal for a part may include the odd \$105,000 for the Lot B notes, of principal amount per interest rate bid. The total of all principal amounts bid shall not exceed \$4,000,000 for Lot A and \$2,905,000 for Lot B. No bid for less than par and accrued interest, if any, will be considered.

Unless all bids are rejected the notes will be awarded to the bidder or bidders offering to purchase the notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the notes specified. The Issuer reserves the right to award to any bidder all or any part of the notes bid for in his proposal. If a bidder is awarded only a part of the notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer

with respect to the notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places.

Any bid received after the time specified, as determined in the sole discretion of the Issuer, will not be reviewed or honored by the Issuer.

Award

The Notes will be awarded or all bids will be rejected promptly after each respective bid opening and not later than 4:00 P.M. (Hartford time) on May 11, 2016. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Legal Opinion

The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidder or bidders will be furnished with their opinion without charge.

The Notes will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were 35.34 acres of such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The legal opinion will further state that with respect to the **tax exempt** notes of **Lot A**, under existing statutes and court decisions interest on the Lot A notes (i) is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item for purposes of computing the Federal alternative minimum tax; such interest is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations under the Code.

Under existing statutes, the interest on the Lot A notes is **excluded** from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the notes, and further, will

assume continuing compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement.

The legal opinion with respect to the **taxable** notes of **Lot B** will further state that, (i) under existing statutes and court decisions, interest on the taxable notes is **included** in the gross income of the owners thereof for purposes of Federal income taxation pursuant to the Internal Revenue Code of 1986, as amended, (ii) under existing statutes, interest on the taxable notes is **excluded** from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and (iii) such interest is **excluded** from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the Federal alternative minimum tax.

Reoffering Price Certification

IT SHALL BE THE RESPONSIBILITY OF THE WINNING BIDDER OR BIDDERS TO CERTIFY TO THE ISSUER BEFORE THE DELIVERY OF THE NOTES AND IN A MANNER SATISFACTORY TO BOND COUNSEL THE PRICE OR PRICES AT WHICH A SUBSTANTIAL AMOUNT OF THE NOTES WERE INITIALLY OFFERED AND SOLD TO THE PUBLIC.

Documentation to Winning Bidders

Each winning bidder will also be furnished with a Signature and No Litigation Certificate and a Receipt of payment satisfactory in form to said firm.

Certifying/Paying Agent

The notes will be certified by U.S. Bank National Association.

Bank Qualification

The **Lot A** notes **shall** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expenses allocable to the notes.

The **Lot B** taxable notes **shall NOT** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expenses allocable to the notes.

Official Statement/Continuing Disclosure

The notes are being offered subject to the exemption of certain requirements under Rule 15c2-12, as amended, of the Securities and Exchange Commission. An Official Statement has not been prepared by or on behalf of the Issuer for this sale, nor does the Issuer intend to enter into a continuing disclosure agreement with respect to the notes.

Delivery and Payment

The notes will be delivered to DTC or its Agent via “Fast” on or about May 23, 2016. The deposit of the notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the notes prior to delivery, and the Issuer will not be responsible for any delay occasioned by the inability to deposit the notes with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The purchase price must be paid in Federal Funds.

More Information

More information regarding this issue and the Issuer, and bid forms may be obtained from the undersigned or from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, (203) 283-1110.

David S. Cassetti
Mayor

Judy Larkin Nicolari
City Treasurer

May 4, 2016

(See attached for form of Proposal for Purchase)

PROPOSAL FOR NOTES

LOT A

\$4,000,000 TAX EXEMPT BOND ANTICIPATION NOTES

May 11, 2016

David S. Cassetti, Mayor
Judy Larkin Nicolari, City Treasurer
City of Ansonia
c/o Phoenix Advisors, LLC
53 River Street, Suite 1
Milford, Connecticut 06460

Ladies and Gentlemen:

Subject to the provisions of the Notice of Sale dated May 4, 2016, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of \$4,000,000 of City of Ansonia, Connecticut General Obligation Bond Anticipation Notes and to pay therefor par and accrued interest, if any, to the date of delivery, and pay the premium specified below, if any (and we provide our computations of net interest cost carried to four decimals and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal) as follows:

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in Federal Funds on the date of the Notes or as soon thereafter (but no later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Issuer.

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

PROPOSAL FOR NOTES

LOT B

\$2,905,000 TAXABLE BOND ANTICIPATION NOTES

May 11, 2016

David S. Cassetti, Mayor
Judy Larkin Nicolari, City Treasurer
City of Ansonia
c/o Phoenix Advisors, LLC
53 River Street, Suite 1
Milford, Connecticut 06460

Ladies and Gentlemen:

Subject to the provisions of the Notice of Sale dated May 4, 2016, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of \$2,905,000 of City of Ansonia, Connecticut General Obligation Bond Anticipation Notes and to pay therefor par and accrued interest, if any, to the date of delivery, and pay the premium specified below, if any (and we provide our computations of net interest cost carried to four decimals and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal) as follows:

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in Federal Funds on the date of the Notes or as soon thereafter (but no later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Issuer.

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

TAX EXEMPTION - ("Tax Exempt", Lot A Notes)

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Notes in order that interest on the Notes not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the City with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Notes is not included in the gross income of the owners thereof for purposes of Federal income taxation and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Notes is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax on corporations.

Ownership of the Notes may also result in certain collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Prospective purchasers of the Notes are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Notes.

TAXATION - (“TAXABLE NOTES”)

In the opinion of Bond Counsel, under existing statutes, interest on the Taxable Notes is **included** in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Taxable Notes.

We are further of the opinion that, under existing statutes, interest on the Taxable Notes is **excluded** from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is **excluded** from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of the Taxable Notes.

This opinion is not intended or provided by Bond Counsel to be used and cannot be used by an owner of the Taxable Notes for the purpose of avoiding penalties that may be imposed on the owner of such notes. The opinion set forth in this paragraph is provided to support the promotion or marketing of the notes. Each owner of the Taxable Notes should seek advice based on its particular circumstances from an independent tax advisor.

Prospective purchasers of the Taxable Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Taxable Notes.

Prospective purchasers of the Taxable Notes are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Taxable Notes.

FUTURE EVENTS

The Federal and State tax treatment of municipal bonds is determined by Federal, state and local legislation, administrative pronouncements and court decisions. For example, recent Federal legislative proposals have been introduced into Congress which, if enacted, would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment, including limiting the exclusion from gross income on tax exempt bonds for higher income taxpayers. Current ongoing Federal budget discussions include such proposals. The enactment of such proposals may adversely affect the tax treatment of: the interest paid on the Notes, their sale or disposition, market price, marketability, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur or that they will not be made retroactive. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchases and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.

JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S A T L A W

TELEPHONE (860)296-0510
FACSIMILE (860)296-0541

FORM OF OPINION OF BOND COUNSEL – Lot A Tax Exempt

City of Ansonia
Ansonia, Connecticut

Ladies and Gentlemen:

We have represented the City of Ansonia, Connecticut as bond counsel with respect to the issuance and sale of \$4,000,000 City of Ansonia, Connecticut General Obligation Bond Anticipation Notes, Lot A, bearing a Dated Date and an Original Issue Date of May 23, 2016, maturing September 1, 2016 (the "notes").

We have examined a record of the proceedings authorizing the notes, a Tax Regulatory Agreement of the City dated May 23, 2016 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the notes, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the notes, if any, (except to the extent, if any, stated in such official statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the notes under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the notes are a valid and binding general obligation of the City of Ansonia payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were 35.34 acres of such certified forest land on the last completed grand list of the City and under existing statutes the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation upon its power to tax such dwelling houses. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the notes in order that interest on the notes not be included in gross income under Section 103 of the Code. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the notes shall not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the notes is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the notes is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the notes.

In rendering the foregoing opinions regarding the Federal income tax treatment of interest on the notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) continuing compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of the notes.

The rights of owners of the notes and the enforceability of the notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully yours,

JOSEPH FASI LLC

JOSEPH FASI LLC

A T T O R N E Y S A T L A W

56 ARBOR STREET, SUITE 418
HARTFORD, CONNECTICUT 06106

TELEPHONE (860)296-0510
FACSIMILE (860)296-0541

FORM OF OPINION OF BOND COUNSEL – Lot B Taxable

City of Ansonia
Ansonia, Connecticut

Ladies and Gentlemen:

We have represented the City of Ansonia, Connecticut as bond counsel with respect to the issuance and sale of \$2,905,000 City of Ansonia, Connecticut **Taxable** General Obligation Bond Anticipation Notes, Lot B, bearing a Dated Date and an Original Issue Date of May 23, 2016, maturing February 22, 2017 (the "notes").

We have examined a record of the proceedings authorizing the notes and other proofs submitted to us.

The notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the notes, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the notes, if any, (except to the extent, if any, stated in such official statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the notes under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the notes are a valid and binding general obligation of the City of Ansonia payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were 35.34 acres of such certified forest land on the last completed grand list of the City and under existing statutes the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation upon its power to tax such dwelling houses.

In our opinion, under existing statutes and court decisions, interest on the notes is included in the gross income of the owners thereof for purposes of Federal income taxation

pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the notes. Each owner of the notes should seek advice based on its particular circumstances from an independent tax advisor.

We are further of the opinion that, under existing statutes, interest on the notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of the notes.

The rights of owners of the notes and the enforceability of the notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully yours,

JOSEPH FASI LLC

CITY OF ANSONIA, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Annual Financial Statements of
The City of Ansonia, Connecticut
Year Ended June 30, 2015

CITY OF ANSONIA, CONNECTICUT
AUDITED FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015



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**CITY OF ANSONIA, CONNECTICUT
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor,
Members of the Board of Aldermen and
Members of the Board of Apportionment and Taxation
City of Ansonia, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Ansonia, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Ansonia, Connecticut, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and 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 pages and schedules of employer contributions, funding progress, changes in the net pension liability and related ratios and City's Municipal Employers' Retirement System Contributions on pages 6-13 and 61-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2014 on our consideration of the City of Ansonia, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Ansonia, Connecticut's internal control over financial reporting and compliance.

Michaud Accavallo Woodbridge & Cusano, LLC

Michaud Accavallo Woodbridge & Cusano, LLC

Ansonia, Connecticut

November 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ansonia, Connecticut (City), we offer readers of the City's financial statements this narrative overview and analysis of the financing activities of the City for the fiscal year ended June 30, 2015. All amounts, unless otherwise indicated, are expressed in thousands of dollars (\$000).

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$67,156(*net position*).
- The Governmental and Business-Type activities total net assets increased by \$2,794 and \$1,334, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,890, an increase of \$1,713 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,175 or 20.71% of total general fund expenditures.
- The City's government-wide activities total debt decreased by \$3,385 (10.06%) during the current fiscal year.
- The City's business-type activities total debt decreased by \$1,809 (5.26%) during the current fiscal year.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, education, public safety, public works, and human services. The business-type activities of the City include a Water Pollution Control Authority.

The government-wide financial statements can be found on pages 15 to 17 of this report.

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, like other state and local governments, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Economic Development Commission, Library Fund and Capital Projects Fund, all of which are considered to be major funds and in the Other Governmental Funds which includes the other funds of the City (see details on page 62). Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 18 and 19 of this report.

Proprietary Fund — The City maintains one proprietary fund. This fund is used to report the same functions presented as a *business-type activity* in the government-wide financial statements. The City uses this business-type activity to account for its Water Pollution Control Authority.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

The basic proprietary funds financial statements can be found on pages 22 to 24 of this report.

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

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 60 of this report.

Other Information — In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on pages 61 to 64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and other schedules can be found on pages 68 to 71 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other schedules are presented following the combining statements.

Government-Wide Financial Analysis

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, assets exceeded liabilities by \$44,446 at the June 30, 2015 an increase of \$2,794 from the previous year.

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

City's Net Position (\$000)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 30,718	\$ 32,766	\$ 9,244	\$ 8,698	\$ 39,962	\$ 41,464
Capital assets	52,943	53,834	46,234	47,330	99,177	101,164
Total assets	83,661	86,600	55,478	56,028	139,139	142,628
DEFERRED OUTFLOWS OF RESOURCES	1,319	-	-	-	1,319	-
Long-term liabilities outstanding	30,269	26,822	32,556	34,365	62,825	61,187
Other liabilities	10,098	11,294	212	287	10,310	11,581
Total liabilities	40,367	38,116	32,768	34,652	73,135	72,768
Net position:						
Invested in capital assets, net of related debt	44,422	42,288	13,678	12,965	58,100	55,253
Restricted	12	4	-	-	12	4
Unrestricted	179	6,192	9,033	8,411	9,211	14,603
Total net position	\$ 44,613	\$ 48,484	\$ 22,710	\$ 21,376	\$ 67,323	\$ 69,860

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position as a whole, and for its separate governmental and business-type activities. All categories in the prior year were able to report positive net asset numbers.

The City's combined net assets increased by \$4,129 in the current fiscal year. The government-wide activities accounted for \$2,794 of this increase. Business-type activities had an increase in net position of \$1,334 primarily due to the charges for services in the business activities which were greater than increases in ongoing expenses during the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities — Governmental activities increased the City's net position by \$2,794. Key elements of the increase are as follows:

- Overall expenses decreased by approximately \$2,169(10.36%) due to decreases in the Public Works expenses over the prior year of \$1,438 (33.83%), Debt Service \$146 (2.56%) and Public Safety \$1,155 (14.47%). Increase of expenses compared to the prior year were reported in General Government \$274 (4.65%) and Education \$276 (.691%).
- Depreciation for the current year was \$2,030.
- Overall revenues decreased by \$102 (.152%). The primary reason was decreased property tax revenues of \$1,532 offset against a gain on sale of assets of \$1,432 when compared against prior year.

City's Changes in Net position (\$000)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues:						
Charges for services	\$ 3,569	\$ 3,570	4,494	\$ 4,749	\$ 8,063	\$ 8,319
Operating grants/contributions	26,894	26,863	80	70	26,973	26,933
Capital grants/contributions	1,989	573	-	-	1,989	573
General revenues:						
Property taxes	33,148	34,680	-	-	33,148	34,680
Grants and contributions not restricted to specific programs	287	1,569			287	1,569
Unrestricted investment earnings	69	70	11	10	81	80
Gain(Loss) on disposal of assets	1,429	(3)	(67)	-	1,363	(3)
TOTAL REVENUES	67,386	67,321	4,518	4,829	71,904	72,150
EXPENSES						
General government	6,176	5,902	-	-	6,176	5,902
Education	40,171	39,895	-	-	40,171	39,895
Public works	2,813	4,251	2,514	2,846	5,326	7,097
Public safety	6,829	7,984	-	-	6,829	7,984
Human services	1,006	983	-	-	1,006	983
Capital outlay	1,861	1,864	-	-	1,861	1,864
Debt service	5,569	5,715	671	706	6,239	6,421
TOTAL EXPENSES	64,425	66,594	3,184	3,552	67,609	70,146
INCREASE(DECREASE) IN NET POSITION	2,961	727	1,334	1,276	4,296	2,004
Net position at beginning of year, as restated for July 1, 2014	41,652	47,757	21,376	20,100	63,028	67,857
NET POSITION AT END OF YEAR	\$ 44,613	\$ 48,484	\$ 22,710	\$ 21,376	\$ 67,323	\$ 69,860

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities — Business-type activities increased the City's net position by \$1,334. Key elements of this increase are as follows:

- Charges for services, for business-type activities, decreased by \$255 due to a modest decrease in user charges and demand. Operating grants/contributions from the State of Connecticut increased by \$10. Together, these factors account for the decrease in total revenues of \$244 netted against slightly lower than previous years' expense of \$368 reported an increase in net position of \$1,334.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,890, an increase of \$1,713 in comparison with the prior year. Approximately 67.95% of this total amount or \$8,757 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it has already been 1) committed for OPEB (\$200), 2) committed for compensated absences (\$229), 3) Committed for Capital Projects (\$1,850), 4) Committed for Future Budgets (\$2,000), 5) committed for medical expenses (\$200), 6) assigned for Special Revenue Funds (\$564) and 7) is non-spendable inventories (\$12).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,175, while total fund balance reached \$15,889. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures of \$63,611. Unassigned fund balance represents 20.71% of the total general fund expenditures, while total fund balance represents 24.98% of that same amount.

In the current fiscal year the City's general fund balance increased by \$4,137, as indicated on page 19. The revenues amounted to \$63,468 while expenditures were \$60,479. It was anticipated during the preparation of the budget for the year ended June 30, 2015 that \$550 of fund balance would be used to balance the budget.

Proprietary Funds — The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water Pollution Control Authority at the end of the year amounted to \$22,710 of which \$13,678 represents an investment in capital assets net of related debt. The total increase in net position for the fund was \$1,334. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$2,352 increase in appropriations) can be briefly summarized as follows:

- \$94 increase in appropriations for Capital Outlay.
- \$1,071 increase in appropriations for Grants - City.
- \$717 increase in City Government.
- \$452 increase in appropriations for Building and Refuse.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- \$214 increase in appropriations for Police Department.
- \$90 decrease in appropriations for Insurance/Debt Service.
- \$ 469 decrease in appropriations for Board of Apportionment and Taxation.

The increase in Capital Outlay was the City's anticipated costs for the various capital improvements.

The increase in City Government was due to the City funding the pension cost.

The increase in Grants – City and Grants – Board of Education was the City's anticipation of utilizing grant income in the current year.

The increase in Police Department was a reaction by the Board to increase appropriations to cover overtime and police extra duty costs in the current fiscal year.

The decrease in Board of Apportionment and Taxation was a reaction to increased costs in other departments thereby using the budget contingency funds.

Differences between the final budget and actual results are summarized as follows:

- Actual revenues were favorable when compared to the final budget by \$1,221 due primarily to gain on the sale of cell tower of \$1,429.
- Actual expenditures were favorable when compared to the Final Budget by \$3,258 primarily due to favorable results in the City Grants (\$371), Insurance/Debt Service (\$2,083), Grants-Board of Education (\$143), Building and Refuse (\$270), and City Government (\$175).

Capital Asset and Debt Administration

Capital Assets — The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$99,177 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and system, machinery and equipment and park facilities, roads, highways, and bridges (infrastructure). The total increase in the City's investment in capital assets for the current fiscal year was .88% before depreciation.

During the fiscal year the City's governmental activities invested in infrastructure such as paving and park improvements (\$405), Police HVAC System-buildings improvements (\$505), public safety vehicles and equipment (\$121), Vacuum Truck for Public Works (\$325), police vehicles and equipment (\$211) and various equipment for other departments (\$512), and the business-type activities (WPCA) had no improvements during the year.

City's Capital Assets (\$000)
(Net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 13,377	\$ 1,000	\$ 14,378
Construction in progress	-	-	-
Land improvements	1,309	-	1,309
Buildings and system	32,911	-	32,911
Machinery and equipment	3,893	-	3,893
Infrastructure	1,452	45,234	46,686
	<u>\$ 52,943</u>	<u>\$ 46,234</u>	<u>\$ 99,177</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on the City's capital assets can be found in Note 7 beginning on page 38 of this report.

Long-Term Debt

City's Outstanding Debt (\$000)

General Obligation Bonds - At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,500. This amount is backed by the full faith and credit of the government. The City's total bonded debt decreased by \$2,840 (20.37%) during the current fiscal year.

Compensated Absences – the compensated absences liability of the City increased by \$2 to \$2,498. City departments which comprise the majority of the balance are the Board of Education (\$847), Police (\$1,118), Public Works (\$202) and the Library Department (\$91).

Net Pension Liability — the City had total net pension liability of \$8,280. This obligation decreased by \$2,084 during the year ended June 30, 2015.

Other Post-Employment Benefits – At the end of the current fiscal year, the City had total other post-employment benefit obligations of \$10,969. This obligation increased by \$1,722 during the year ended June 30, 2015.

General Obligation Bonds - a summary of the general obligation bonds of the City of Ansonia, Connecticut, at June 30, 2015 is as follows:

Governmental Activities

	Principal	Interest	Total
Due in 2016	\$ 2,800	\$ 261	\$ 3,061
Due in 2017 to 2021	5,700	256	5,956
	<u>\$ 8,500</u>	<u>\$ 517</u>	<u>\$ 9,017</u>

Note Payable - a summary of the note payable of the City of Ansonia, Connecticut, at June 30, 2015 is as follows:

Business-type Activities

	Principal	Interest	Total
Due in 2016	\$ 1,826	\$ 634	\$ 2,460
Due in 2017 to 2021	9,696	2,604	12,301
Due in 2022 to 2026	10,715	1,586	12,301
Due in 2027 to 2031	10,319	529	10,849
	<u>\$ 32,557</u>	<u>\$ 5,354</u>	<u>\$ 37,910</u>

The City maintains an "A+" rating from Standard & Poor's and an "Aa3" rating from Moody's for general obligation debt.

The current debt limitation for the City is \$246,827 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 8 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County decreased to 6.3% vs. 7.1% in the prior year, which is higher than the Connecticut unemployment rate of 6.7%.
- The Connecticut state government has reported an anticipated deficit for 2015-16, which may translate into a reduction in state aid to the City.
- Inflationary trends in the region compare favorably to national indices.
- During the current fiscal year, unassigned fund balance in the general fund increased to \$13,175.

All of these factors were considered in preparing the City's budget for the 2015-16 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, 253 Main Street Ansonia, Connecticut, 06401.

BASIC FINANCIAL STATEMENTS

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 21,232,988	\$ 6,183,684	\$ 27,416,672
Investments	553,640	-	553,640
Receivables:			
Property taxes, net of allowance for collection losses of \$220,000	2,169,521	-	2,169,521
Sewer Project fees receivable, net of allowance for uncollectable of \$97,000	-	2,199,281	2,199,281
Sewer user fees receivable, net of allowance for uncollectable of \$75,000	-	861,291	861,291
Sewer assessments	64,227	-	64,227
Intergovernmental	6,058,715	-	6,058,715
Accounts	334,766	-	334,766
Inventory	12,111	-	12,111
Prepaid items	199,392	-	199,392
Internal balances	92,204	(92,204)	-
Capital assets (net of accumulated depreciation)			
Land	13,377,372	1,000,285	14,377,657
Construction in progress	-	-	-
Land improvements	1,309,485	-	1,309,485
Buildings and system	32,911,343	-	32,911,343
Machinery and equipment	3,893,208	-	3,893,208
Infrastructure	1,451,902	45,233,769	46,685,671
TOTAL ASSETS	83,660,874	55,386,106	139,046,980
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,319,209	-	1,319,209
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 84,980,083	\$ 55,386,106	\$ 140,366,189
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,040,915	\$ 119,459	\$ 3,160,374
Bond anticipation notes	6,075,000	-	6,075,000
Deferred revenue - grants	506,732	-	506,732
Deferred revenue -other	475,437	-	475,437
Noncurrent liabilities:			
Due within one year	-	1,825,676	1,825,676
Due in more than one year	30,269,228	30,730,594	60,999,822
TOTAL LIABILITIES	40,367,312	32,675,729	73,043,041
NET POSITION			
Investment in capital assets, net of related debt	44,422,011	13,677,784	58,099,795
Restricted for:			
Inventories	12,111	-	12,111
Unrestricted:			
Net assets	178,649	9,032,593	9,211,242
TOTAL NET POSITION	44,612,771	22,710,377	67,323,148
TOTAL LIABILITIES AND NET POSITION	\$ 84,980,083	\$ 55,386,106	\$ 140,366,189

See notes to financial statements.

**CITY OF ANSONIA, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT			
Governmental activities:			
General government	\$ (6,176,418)	\$ 1,550,948	\$ 511,364
Education	(40,170,630)	626,054	25,703,317
Public works	(2,812,721)	255,934	38,799
Public safety	(6,829,061)	1,083,554	620,530
Human services	(1,005,868)	49,681	19,669
Capital outlay	(1,860,993)	2,639	-
Interest on long-term debt	(5,568,852)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	(64,424,543)	3,568,810	26,893,679
TOTAL BUSINESS-TYPE ACTIVITIES	(3,184,096)	4,494,358	79,572
TOTAL PRIMARY GOVERNMENT	\$ (67,608,639)	\$ 8,063,168	\$ 26,973,251

GENERAL REVENUES

Property taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Loss on disposal of assets
Gain on sale of assets

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

Net position at July 1, 2014, as restated

NET POSITION AT JUNE 30, 2015

See notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position
Primary Government

Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
\$ 792,979	\$ (3,321,127)	\$ -	\$ (3,321,127)
-	(13,841,259)	-	(13,841,259)
-	(2,517,988)	-	(2,517,988)
44,630	(5,080,347)	-	(5,080,347)
-	(936,518)	-	(936,518)
3,421	(1,854,933)	-	(1,854,933)
<u>1,148,272</u>	<u>(4,420,580)</u>	<u>-</u>	<u>(4,420,580)</u>
1,989,302	(31,972,752)	-	(31,972,752)
<u>-</u>	<u>-</u>	<u>1,389,834</u>	<u>1,389,834</u>
<u>\$ 1,989,302</u>	(31,972,752)	1,389,834	(30,582,918)
	33,147,818	-	33,147,818
	287,457	-	287,457
	69,335	11,211	80,546
	-	(66,647)	(66,647)
	<u>1,429,389</u>	<u>-</u>	<u>1,429,389</u>
	<u>34,933,999</u>	<u>(55,436)</u>	<u>34,878,563</u>
	2,961,247	1,334,398	4,295,645
	<u>41,651,524</u>	<u>21,375,979</u>	<u>63,027,503</u>
	<u>\$ 44,612,771</u>	<u>\$ 22,710,377</u>	<u>\$ 67,323,148</u>

CITY OF ANSONIA, CONNECTICUT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Economic Development Commission	Library Fund	Library Endowment Fund	Capital Projects	Other Governmental Funds	Totals Governmental Funds
ASSETS							
Cash	\$ 19,263,829	\$ 79,928	\$ 10,884	\$ -	\$ 1,268,044	\$ 610,302	21,232,987
Investments	-	-	553,640	-	-	-	553,640
Receivables:							
Property taxes, net of allowance for collection losses of \$220,000	2,169,521	-	-	-	-	-	2,169,521
Sewer assessments	64,227	-	-	-	-	-	64,227
Intergovernmental	278,238	-	-	-	-	218,212	496,450
Accounts	319,125	15,637	4	-	-	-	334,766
Inventory	-	-	-	-	-	12,111	12,111
Prepaid items	199,392	-	-	-	-	-	199,392
Due from other funds	92,204	-	-	-	688,828	18,079	799,111
TOTAL ASSETS	\$ 22,386,536	\$ 95,565	\$ 564,528	\$ -	\$ 1,956,872	\$ 858,704	\$ 25,862,205
LIABILITIES							
Accounts payable and accrued liabilities	2,847,013	\$ -	\$ -	\$ -	175,724	\$ 3,817	\$ 3,026,554
Bond anticipation note	-	-	-	-	6,075,000	-	6,075,000
Due to other funds	706,907	-	-	-	-	-	706,907
TOTAL LIABILITIES	3,553,920	-	-	-	6,250,724	3,817	9,808,461
DEFERRED INFLOWS OF RESOURCES							
Taxes	1,937,395	-	-	-	-	-	1,937,395
Grants	942,293	51,836	-	-	-	2,400	996,529
Assessments	64,227	-	-	-	-	-	64,227
	2,943,915	51,836	-	-	-	2,400	2,998,151
FUND BALANCES							
Fund balances:							
Nonspendable- inventories	-	-	-	-	-	12,111	12,111
Committed for OPEB	200,000	-	-	-	-	-	200,000
Committed for compensated absences	229,034	-	-	-	-	-	229,034
Committed for capital projects	85,000	-	-	-	-	-	85,000
Committed for future budgets	2,000,000	-	-	-	-	-	2,000,000
Committed for medical expenses	200,000	-	-	-	-	-	200,000
Assigned for Special Revenue Funds	-	-	564,528	-	-	840,376	1,404,904
Unassigned	13,174,667	43,729	-	-	(4,293,852)	-	8,924,544
TOTAL FUND BALANCES	15,888,701	43,729	564,528	-	(4,293,852)	852,487	13,055,593
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 22,386,536	\$ 95,565	\$ 564,528	\$ -	\$ 1,956,872	\$ 858,704	

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	52,943,310
Long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	7,563,887
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	1,319,209
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(30,269,228)
Net position of governmental activities	<u>\$ 44,612,771</u>

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Economic Development Commission	Library Endowment Fund	Library Endowment Fund	Capital Projects	Other Governmental Funds	Totals Governmental Funds
REVENUES							
Property taxes	\$ 34,134,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,134,309
State grants-education	24,368,793	-	-	-	-	-	24,368,793
State grants-municipal	3,484,554	490,108	-	-	-	1,576,553	5,551,215
Licenses and permits	175,888	-	-	-	-	-	175,888
Current charges	1,700,948	2,639	11,011	-	-	337,136	2,051,734
Fines	12,470	-	-	-	-	-	12,470
Unrealized/realized gain on investments			(32,183)				(32,183)
Interest, reimbursements and other	2,722,404	17	28,016	-	-	855	2,751,292
TOTAL REVENUES	66,599,366	492,764	6,844	-	-	1,914,544	69,013,518
EXPENDITURES							
Current:							
General government	5,086,883	-	-	-	-	-	5,086,883
Education	32,135,587	-	-	-	-	1,656,726	33,792,313
Public works	4,278,733	-	-	-	-	-	4,278,733
Public safety	6,951,611	-	-	-	-	150,270	7,101,881
Human services	896,713	-	26,582	-	-	-	923,295
Grants-Education	4,894,247	-	-	-	-	-	4,894,247
Grants-Municipal	1,311,586	-	-	-	-	-	1,311,586
Capital outlay	186,803	514,384	-	-	1,175,678	-	701,187
Debt Service	7,868,338	-	-	-	-	-	7,868,338
TOTAL EXPENDITURES	63,610,501	514,384	26,582	-	1,175,678	1,806,996	65,958,463
REVENUES OVER (UNDER) EXPENDITURES	2,988,865	(21,620)	(19,738)	-	(1,175,678)	107,548	3,055,055
OTHER FINANCING SOURCES (USES):							
Operating transfers in	1,148,272	-	-	-	-	-	1,148,272
Operating transfers out	-	-	-	-	(1,148,272)	-	(1,148,272)
TOTAL OTHER FINANCING SOURCES(USES)	1,148,272	-	-	-	(1,148,272)	-	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES							
Fund balances	4,137,137	(21,620)	(19,738)	-	(2,323,950)	107,548	1,879,377
At July 1, 2014	11,751,564	65,349	584,266	-	(1,969,902)	746,163	11,177,440
FUND BALANCES							
AT JUNE 30, 2015	<u>\$ 15,888,701</u>	<u>\$ 43,729</u>	<u>\$ 564,528</u>	<u>\$ -</u>	<u>\$ (4,293,852)</u>	<u>\$ 853,711</u>	<u>\$ 13,056,817</u>

See notes to financial statements.

**CITY OF ANSONIA, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,879,377
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(890,192)
Revenues from taxes and assessments are reported as income in the year revenues provide current financial resources to governmental funds.	(1,016,080)
Revenues of school construction grants are reported as resources to governmental funds.	(1,715,790)
City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
Pension expense	3,403,346
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,300,586
Change in net position of governmental activities	\$ <u>2,961,247</u>

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL-GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Budgeted amounts			Variance with Final Budget- Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 33,806,474	\$ 33,806,474	\$ 34,134,309	\$ 327,835
State grants-education	21,430,262	21,430,262	21,237,085	(193,177)
State grants-municipal	3,084,819	3,804,069	3,484,554	(319,515)
Licenses and permits	102,500	102,500	175,888	73,388
Current charges	1,572,268	1,680,214	1,700,948	20,734
Fines	11,000	11,000	12,470	1,470
Interest, reimbursements, and other	828,000	1,412,551	2,722,404	1,309,853
TOTAL REVENUES	60,835,323	62,247,070	63,467,658	1,220,588
EXPENDITURES				
Current				
Board of Apportionment and Taxation	565,092	96,328	36,245	60,083
City government	2,692,871	3,410,215	3,235,134	175,081
Elections	55,099	58,762	54,831	3,931
Building inspector	172,027	244,240	215,958	28,282
Mayors office	202,224	210,907	195,257	15,650
Finance	506,904	547,224	544,181	3,043
Economic development	122,512	138,012	122,284	15,728
Tax collector	215,751	215,751	179,297	36,454
Tax assessor	144,653	163,853	161,052	2,801
Town and City Clerk	351,581	354,010	336,000	18,010
Municipal planning	34,000	34,000	6,470	27,530
Police department	5,722,165	5,936,218	5,836,353	99,865
Fire department	327,230	366,771	357,622	9,149
ARMS	712,500	750,494	729,205	21,289
Emergency operation center	30,000	30,000	28,431	1,569
Engineering	38,558	38,751	23,507	15,244
Building and refuse	3,858,418	4,310,146	4,255,225	54,921
Board of Education-operations	29,022,207	29,022,207	29,003,879	18,328
Grants-Board of Education	5,037,331	5,037,331	4,894,247	143,084
Nature Center	176,927	177,610	173,407	4,203
Senior Center	127,650	131,960	131,892	68
Library	497,898	511,489	476,267	35,222
Recreation	96,700	116,533	115,147	1,386
Insurance / debt service	9,957,129	9,951,725	7,868,338	2,083,387
Grants-City	611,495	1,682,445	1,311,586	370,859
Capital outlay	106,401	199,948	186,803	13,145
TOTAL EXPENDITURES	61,385,323	63,737,130	60,478,793	3,258,337
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(550,000)	(1,490,060)	2,988,865	4,478,925
OTHER FINANCING USES				
Operating transfers in	-	-	1,148,272	\$ (1,148,272)
REVENUES AND OTHER FINANCING USES OVER(UNDER) EXPENDITURES	\$ (550,000)	\$ (1,490,060)	4,137,137	
Fund balance at July 1, 2014			11,751,564	
FUND BALANCE AT JUNE 30, 2015			\$ 15,888,701	

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2015

	Business-type Activities- Water Pollution Control Authority
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,183,684
Sewer user project fees receivable (net of allowance for uncollectable of \$97,000)	2,199,281
Sewer user fees receivable (net of allowance for uncollectable of \$75,000)	861,291
TOTAL CURRENT ASSETS	9,244,256
Capital assets -(net of accumulated depreciation)	46,234,054
TOTAL ASSETS	\$ 55,478,310
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities, including compensated absences	\$ 119,459
Deferred revenue	-
Due to other funds	92,204
Current portion of long-term debt	1,825,676
TOTAL CURRENT LIABILITIES	2,037,339
LONG-TERM DEBT - net of current portion	30,730,594
TOTAL LIABILITIES	32,767,933
NET POSITION	
Investment in capital assets, net of related debt	13,677,784
Unrestricted	9,032,593
TOTAL NET POSITION	22,710,377
TOTAL LIABILITIES AND NET POSITION	\$ 55,478,310

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Business-type Activities-
	Major Water Pollution Control Authority
OPERATING REVENUES	
Charges for services	\$ 1,974,618
OPERATING EXPENSES	
Salaries, benefits and claims	598,187
Materials and supplies	394,485
Depreciation	1,028,935
Utilities	316,701
Professional and consulting	37,357
Administration and operation	137,861
Total operating expenses	2,513,526
OPERATING LOSS	(538,908)
NON-OPERATING REVENUES(EXPENSES)	
Project fee revenue	2,519,740
Grant income	79,572
Interest income	11,211
Loss on disposal of assets	(66,647)
Interest expense	(670,570)
NET NON-OPERATING REVENUE	1,873,306
NET INCOME	1,334,398
Net position at July 1, 2014	21,375,979
NET POSITION AT JUNE 30, 2015	\$ 22,710,377

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Business-type Activities- Water Pollution Control Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,925,819
Cash payments to suppliers	(937,920)
Cash payments to employees	(614,966)
NET CASH PROVIDED BY OPERATING ACTIVITIES	372,933
CASH FLOWS FROM INVESTING ACTIVITIES - investment income	11,211
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Noncapital grant receipts	79,572
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	79,572
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Project fees revenues	2,453,095
Payments of principal and interest	(2,479,190)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(26,095)
NET INCREASE IN CASH AND CASH EQUIVALENTS	437,621
Cash and cash equivalents at July 1, 2014	5,746,063
CASH AND CASH EQUIVALENTS AT JUNE 30, 2015	\$ 6,183,684
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (538,908)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,028,935
Loss on disposal of assets	66,647
Changes in assets and liabilities:	
Accounts receivable	(108,941)
Accounts payable	(88,266)
Due to other funds	13,466
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 372,933

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 79,298	\$ 282,497
Investments	2,633,354	228,983
Other receivables	<u>1</u>	<u>-</u>
TOTAL ASSETS	2,712,653	511,480
LIABILITIES - other liabilities	<u>430</u>	<u>511,480</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	<u>\$ 2,712,223</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015

	Pension Trust Fund
ADDITIONS	
Contributions	
City of Ansonia	\$ 1,266,274
Plan members	<u>28,328</u>
	1,294,602
Investment income:	
Net appreciation in fair value of investments	56,604
Interest and dividends	<u>44,770</u>
	101,374
Less investment management fees	<u>29,215</u>
Net investment income	<u>72,159</u>
TOTAL ADDITIONS	1,366,761
DEDUCTIONS	
Benefits and other deductions	<u>732,434</u>
TOTAL DEDUCTIONS	<u>732,434</u>
CHANGE IN NET ASSETS	634,327
Net position held in trust for pension benefits and other purposes at July 1, 2014	<u>2,077,896</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES AT JUNE 30, 2015	<u>\$ 2,712,223</u>

See notes to financial statements.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – REPORTING ENTITY, DESCRIPTION OF FUNDS, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ansonia, Connecticut, operates under a Mayor/Board of Aldermen form of Government and provides services as authorized by its Charter including police and fire protection, education services, recreation and parks, health services and general administrative services. A Board of Apportionment and Taxation, consisting of twelve members, nominated by the Mayor and confirmed by the Board of Aldermen has the power to adopt the City's budget (preparation of a statement of appropriations) and levy a tax rate to cover such statement of appropriations.

The accounting policies of the City of Ansonia conform to generally accepted accounting principles as applicable to governmental units. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. A summary of the more significant policies are stated herein.

The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Standards

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

Government-wide and Fund Financial Statements

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

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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 have no measurement focus. 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 revenue 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.

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 property taxes to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes receivable, not expected to be collected within sixty days of year end, are reflected as deferred revenue. Expenditures are recorded when the related 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.

Those revenues susceptible to accrual are property taxes, special assessments due within one year and interest. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following major governmental funds:

- (i) *General Fund* — The General Fund is the general operating fund of the City government. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the City, which are not paid through a special fund.
- (ii) *Economic Development Commission* — The Economic Development Commission is a special revenue fund used to account for community development block grants/small cities program funds which are principally used for developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.
- (iii) *Library* — is used to account for the programs to provide literature and educational programs.
- (iv) *Library Endowment Fund* — The Library Endowment Fund is a permanent fund used to account for donations used for the betterment of the City's library. Monies are restricted for the intended purpose of the donor.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

- (v) *Capital Projects Fund* — is used to account for construction, demolition and acquisition of capital assets that requires more than one year.

The City reports the following major proprietary fund:

- (i) *Water Pollution Control Authority* — The Water Pollution Control Authority accounts for the operations of the City's wastewater treatment plant. It is independent in terms of its relationship to other City functions. Its operations are financed from special assessments and direct charges to the users of the service.

Additionally, the City reports the following fund types:

- (ii) *Pension Trust Fund* — this fund accounts for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified employees.
- (iii) *Agency Funds* — these funds account for monies held as a custodian for outside groups and agencies.

Interfund activity has been eliminated from the government-wide financial statements except for charges between the government's sewer function and various other functions of the government. 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Pollution Control Authority enterprise fund are charges to customers for sewer services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Taxes — Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

Cash Equivalents — The City considers all highly liquid investments and those with original maturities of three months or less to be cash equivalents.

Investments — Investments are stated at fair value. Fair value is determined based on quoted market prices.

Inventories — Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Interfund Transactions — Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditure/expenses in the fund that is reimbursed.

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All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

The three types of interfund transactions and the related accounting policies are as follows:

1. Transactions to reimburse the fund for expenditures made by it for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.
2. Transactions to shift revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them. These transactions are recorded as transfers in to and out of the respective funds.
3. Transactions to record equity contributions between funds. The receiving fund records such transactions as a transfer in and an addition to fund balance. The disbursement fund records the transaction as a transfer out and a reduction of fund balance.

Capital Assets

Capital Assets - City — Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

Land improvements	20 years
Building and building improvements	25 – 50 years
Infrastructure	10 – 65 years
Machinery and equipment	5 – 20 years
Licensed vehicles	8 years

Proprietary Fund Types — Property, plant and equipment owned by the Proprietary Funds are recorded based on the 2002 appraisal by a professional appraisal company and, subsequently, at acquisition cost or if contributed property at fair market value at the time of contribution.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 – 50 years
Sewer System	30 – 50 years

Deferred Revenue — Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying

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expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Deferred Outflows/Inflows of Resources —In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2015, the governmental funds report unavailable revenues from three sources: property taxes, unearned grant revenues and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations — In the government-wide financial statements, and proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

OPEB Accounting-Governmental Funds/Activities - The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2008 is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements. Expenditures are recognized when they are paid or expected to be paid with current available resources. The OPEB liability is recorded with government-wide financial statements. Funding Policy: The City makes annual contributions based on the pay-as-you-go basis. The employees contribute to the plan.

Net Position — Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for debt service and special revenue funds. The balance is classified as unrestricted.

Fund Balance — Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance —amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance —when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for capital projects and debt service obligations and for other items contained in the Connecticut statutes.

Committed fund balance — amounts that can only be used for specific purposes pursuant to formal action of the City's highest level of decision making authority. The Board of Apportionment and Taxation and the Board of Aldermen are the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the

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purpose specified unless the Board of Apportionment and Taxation and the Board of Aldermen removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Apportionment and Taxation and the Board of Aldermen.

Assigned fund balance— in the General Fund, will represent amounts constrained by Board of Apportionment and Taxation and the Board of Aldermen for amounts assigned for balancing the subsequent year's budget or the Comptroller for amounts assigned for encumbrances. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance— in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

NOTE 2 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

Beginning net assets for governmental activities were determined as follows:

Fund balances of general, special revenue, capital project funds and permanent fund as of July 1, 2014	\$ 11,177,440
Add: governmental capital assets, including general fixed assets and infrastructure as of July 1, 2014	112,061,096
Add: school construction grants receivable as of July 1, 2014	7,278,055
Add: tax revenue receivable as of July 1, 2014	2,923,885
Add: waterline revenue receivable as of July 1, 2014	92,593
Add: deferred interest in refunding	341,710
Deduct: accumulated depreciation as of July 1, 2014	(58,227,594)
Deduct: general obligation bonds payable as of July 1, 2014	(11,340,000)
Deduct: capital lease payable as of July 1, 2014	(547,495)
Deduct: net pension liability as of July 1, 2014	(10,364,862)
Deduct: other post retirement benefits as of July 1, 2014	(9,247,014)
Deduct: compensation absences payable and other long-term liabilities as of July 1, 2014	<u>(2,496,290)</u>
NET POSITION AS OF JULY 1, 2014, as restated	<u>\$ 41,651,524</u>

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NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets:

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$30,269,228 difference are as follows:

Bonds payable	\$ 8,500,000
Deferred interest	(228,299)
Net pension liability	8,280,725
Capital lease obligations	249,598
Other post retirement benefits	10,969,309
Compensated absences	<u>2,497,895</u>
Net adjustment to reduce fund balance - total	
governmental funds to arrive at net assets - governmental activities	<u>\$ 30,269,228</u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$890,192 difference are as follows:

Capital outlay	\$ 1,139,654
Depreciation expense	<u>(2,029,846)</u>
Net adjustment to increase net changes in fund balances- total	
governmental funds, to arrive at changes in netassets of governmental activities	<u>\$ (890,192)</u>

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Another element of that reconciliation states that “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 assets. Also, governmental funds report the effect of issuance costs, 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 this \$3,384,723 difference are as follows:

General obligation debt	\$ 2,840,000
Deferred interest	(113,411)
Capital lease	297,897
Net pension liability	2,084,137
Other post retirement benefits	(1,722,295)
Compensated absences	<u>(1,605)</u>
Net adjustment to decrease net assets in fund balances - total	
governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,384,723</u>

NOTE 4 – BUDGETS AND BUDGETARY ACCOUNTING

General Fund

The City uses the following procedures in establishing the budgetary data included in the financial statements for the General Fund. Prior to January 15, each Board of the City Government, each committee of the Board of Aldermen and each Officer of the City shall report to the Board of Aldermen an estimate of the amount of money required by said board, committee or officer for the ensuing fiscal year. Prior to the third Tuesday of February, the Board of Aldermen shall prepare and submit to the Board of Apportionment and Taxation an estimate of the amounts required by each department of the City Government for the ensuing year. The Board of Aldermen will recommend appropriations for all the City expenses for said year and shall also recommend such tax necessary to meet such expenses. The Board of Apportionment and Taxation shall hold a meeting on the fourth Tuesday of February in each year and up to the third Monday of May hold meetings to hear all parties relative to any alterations in the estimates, appropriations and tax rates. The Board of Apportionment and Taxation shall hold a meeting on the third Monday of May in each year to make further alterations in the estimates, appropriations and tax rates and shall have the power to make appropriations and set taxes for all City purposes. This budget, as adopted by the Board of Apportionment and Taxation, becomes a legal level of control.

For management purposes only, the Board of Apportionment and Taxation is authorized to transfer legally budgeted amounts between any existing category of appropriation or transfer funds to a newly established category of appropriation. The legal level of budgetary control is the departmental budget line level. The Board of Apportionment and Taxation shall not have the power to make any appropriations in excess of the revenues of the City of Ansonia for the year as estimated by said board, and in no case shall the expenses of the City exceed its revenues for any year, except in cases and for purposes for which the City is authorized to issue bonds and when bonds or temporary notes in anticipation thereof are so issued. Unexpended and unencumbered appropriations, in the General Fund, lapse at the end of the fiscal year. Supplemental appropriations in the amount of \$2,351,807 were approved by the Board of Apportionment and Taxation during the fiscal year. Appropriations for capital projects and special revenue funds are continued until completion of the applicable project, which often lasts more than one year.

The City’s formal budgeting system is employed as a management control device only for the General Fund and requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP) basis. The general fund budget is prepared on the modified accrual basis of accounting. The major difference between the budget and GAAP basis is that encumbrances are recognized as a valid and proper charge

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against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year, whereas on a GAAP basis, encumbrances are recorded as a reservation of fund balance and are not reflected as expenditures or liabilities. In addition, State of Connecticut payments on-behalf of the City of Ansonia teachers for the State teacher retirement system are reported for GAAP purposes only. A reconciliation between the accounting treatment for encumbrances as required by the Governmental Accounting Standards Board (the combining statement of revenues, expenditures, and changes in fund balance), and the budgetary basis (the statement of revenues, expenditures and changes in fund balance – budgetary basis – budget and actual – general fund) is as follows:

	Revenues	Expenditures And Encumbrances	Fund Balance
Balance, Budgetary basis at June 30, 2015	\$ 63,467,658	\$ 60,478,793	\$ 15,888,701
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	<u>3,131,708</u>	<u>3,131,708</u>	<u>-</u>
Balance, GAAP basis at June 30, 2015	<u>\$ 66,599,366</u>	<u>\$ 63,610,501</u>	<u>\$ 15,888,701</u>

Special Revenue Funds

The City does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies such budgets carryover until completion of the grants.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

NOTE 5 – DEPOSITS AND INVESTMENTS

Deposits

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2015:

	Carrying and Fair Values
Deposits	\$ 10,176,858
Stif	9,836,478
Moneymarket	<u>7,765,130</u>
	<u>\$ 27,778,466</u>

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party.

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At June 30, 2015, the carrying amount of the City's deposits was \$27,778,466. The Primary Government balances were \$27,416,672, the Pension Trust Fund was \$79,298 and Agency Funds were \$282,497. The bank balances of funds on deposit totaled \$29,085,832. Of the bank balance, \$1,064,375 was covered by federal depository insurance, \$2,802,146 was protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of depository insurance through assessment against segregated collateral required to be maintained by public depositories, but not held in the City's name, and \$25,219,312 was uninsured and uncollateralized.

The level of the City's deposits varies significantly throughout the year as a result of higher cash flows during certain periods. As a result, uninsured and/or uncollateralized amounts at those times were substantially higher than at year-end.

Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Aldermen complying with State Statutes and the City Charter.

The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agency in the City's name, (2) uninsured and unregistered, with securities held by the counterpart's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

The State statutes authorize the City to invest in obligations of the United States, including its agencies, in obligations of any state or of any political subdivision, authority or agency thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

The pension and other trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, in stocks or bonds, or in other securities selected by the trustee with the care of a prudent investor.

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Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City generally invests in certificates of deposit that mature in less than one year and mutual funds. The City follows the State Statutes as its investment policy. The City's investments at June 30, 2015 are shown below:

	Carrying and Fair Values	Cost	Average Credit Quality Ratings	Weighted Average Maturity (Years)
Library Fund:				
Mutual funds-Equity				
TR Rowe Price Blue Chop Growth #93	\$ 36,582 *	\$ 36,582	N/A	N/A
Scarf Fund Investments	39,711 *	38,168	N/A	N/A
Deleware value Instl	33,277	32,831	N/A	N/A
JP Morgan US Large Cap Core Plus	40,669	36,689	N/A	N/A
Other mutual funds	403,401	402,368	N/A	N/A
Pension Fund:				
American Fundamental investor	299,117	257,394	N/A	N/A
American Europacific Growth	292,043	268,815	N/A	N/A
Harbor capital Appreciation	304,451	221,496	N/A	N/A
Dodge & Cox International Stock Fund	169,912	173,572	N/A	N/A
Neuberger and Berman	236,218	215,617	N/A	N/A
Vanguard 500 Index	382,965	333,952	N/A	N/A
VanguardTotal BD Mrkt	367,438	365,535	UNRATED	
Western Asset Core Plus Bond	430,535 *	419,516	AA	4.75
Parametruc Comm-Strategy-I	85,362 *	100,000	N/A	N/A
Other mutual funds	65,313 *		N/A	N/A
Scholarship Fund:				
Other mutual funds	228,983	228,983	N/A	N/A
	<u>\$ 3,415,977</u>	<u>\$ 3,131,518</u>		

*Amounts represent greater than 5% of the total carrying amount of investments of their respective portfolio.

The City's investments are classified under category 1. Category 1 investments are investments that are insured or registered, or securities held by the City or its agent in the City's name.

NOTE 6 – INTERFUND ACCOUNTS AND TRANSFERS

The General Fund interfund receivable is due from the Water Pollution Control Authority for current operating expenses reimbursed monthly. General Fund interfund payable represents amounts due to the Capital Project Fund for amounts received for demolition costs yet to be paid out. The Municipal Parking Authority interfund receivable represents amounts collected by the General Fund for rental income that has yet to be repaid. All of the interfund payable are expected to be repaid within one year.

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As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	92,204	\$ 706,907
Enterprise Fund	-	92,204
Capital Projects	688,829	-
	<u>781,033</u>	<u>799,111</u>
Nonmajor Funds:		
Municipal Parking Authority	18,078	-
	<u>\$ 799,111</u>	<u>\$ 799,111</u>

The purpose of the transfers to/from the General Fund to the Capital Project Fund was to pay down bond anticipation notes. The purpose of the transfers to/from the general fund to/from the WPCA is for the repayment of payroll expenses. The purpose of the transfers from the Library Endowment Fund, to the Special Revenue-Library Fund, was to combine the funds. The interfund transfers for the year ended June 30, 2015 are as follows:

	<u>Tranfers From Other Funds</u>	<u>Transfers To Other Funds</u>
Major Fund:		
General Fund	\$ 1,148,272	\$ -
Capital Project Fund	-	1,148,272
Library Endowment Fund	-	-
Library	-	-
	<u>\$ 1,148,272</u>	<u>\$ 1,148,272</u>

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions/ Transfers	Disposal/ Transfers	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,377,372	\$ -	\$ -	\$ 13,377,372
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	13,377,372	-	-	13,377,372
Capital assets, being depreciated:				
Land improvements	3,558,601	11,475	-	3,570,076
Buildings and system	62,775,890	-	-	62,775,890
Machinery and equipment	16,733,003	723,004	155,974	17,300,033
Infrastructure	<u>15,616,230</u>	<u>405,175</u>	<u>-</u>	<u>16,021,405</u>
	98,683,724	1,139,654	155,974	99,667,404
Less accumulated depreciation for:				
Land improvements	2,209,900	50,691	-	2,260,591
Buildings and system	28,566,679	1,297,868	-	29,864,547
Machinery and equipment	13,019,878	542,921	155,974	13,406,825
Infrastructure	<u>14,431,137</u>	<u>138,366</u>	<u>-</u>	<u>14,569,503</u>
	58,227,594	2,029,846	155,974	60,101,466
Total capital assets, being depreciated, net	<u>40,456,130</u>	<u>(890,192)</u>	<u>-</u>	<u>39,565,938</u>
Governmental activities capital assets, net	<u>\$ 53,833,502</u>	<u>\$ (890,192)</u>	<u>\$ -</u>	<u>\$ 52,943,310</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,000,285	\$ -	\$ -	\$ 1,000,285
Capital assets, being depreciated:				
Buildings and system	2,024,400	-	-	2,024,400
Machinery and equipment	1,802,582	-	-	1,802,582
Infrastructure	<u>54,615,962</u>	<u>-</u>	<u>126,124</u>	<u>54,489,838</u>
	58,442,944	-	126,124	58,316,820
Less accumulated depreciation for:				
Buildings and system	2,024,400	-	-	2,024,400
Machinery and equipment	1,802,582	-	-	1,802,582
Infrastructure	<u>8,286,611</u>	<u>1,028,935</u>	<u>59,477</u>	<u>9,256,069</u>
	12,113,593	1,028,935	59,477	13,083,051
Total capital assets being depreciated, net	<u>46,329,351</u>	<u>(1,028,935)</u>	<u>66,647</u>	<u>45,233,769</u>
Business-type activity capital assets, net	<u>\$ 47,329,636</u>	<u>\$ (1,028,935)</u>	<u>\$ 66,647</u>	<u>\$ 46,234,054</u>

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Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

Education	\$ 1,474,527
Public works	170,435
Public safety	238,160
General government	88,059
Human services	<u>58,665</u>

Total depreciation expense - governmental activities \$ 2,029,846

NOTE 8 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Due Within One Year
Governmental activities:					
General obligation					
bonds	\$ 11,340,000	\$ -	\$ 2,840,000	\$ 8,500,000	\$ 2,800,000
Deferred interest	(341,710)	-	(113,411)	(228,299)	(97,643)
Capital leases	547,495	-	297,897	249,598	80,789
Compensated absences	2,496,290	88,076	86,471	2,497,895	60,000
Other post retirement					
benefit obligations	9,247,014	1,722,295	-	10,969,309	-
Net pension					
Liability*	<u>10,364,862</u>	<u>-</u>	<u>2,084,137</u>	<u>8,280,725</u>	<u>8,280,725</u>
Governmental activity					
long-term					
liabilities	<u>\$ 33,653,951</u>	<u>\$ 1,810,371</u>	<u>\$ 5,195,094</u>	<u>\$ 30,269,228</u>	<u>\$ 11,123,871</u>
Business type activities:					
Notes payable -					
State of Connecticut	<u>\$ 34,364,890</u>	<u>\$ -</u>	<u>\$ 1,808,620</u>	<u>\$ 32,556,270</u>	<u>\$ 1,825,676</u>

*The net pension liability is a new long-term liability beginning in Fiscal Year 2014-2015 as a result of the implementation of GASB No. 68. The prior year balance is a result of a prior period adjustment.

Long term debt related to governmental activities is liquidated by the General Fund of the City. Long term debt related to business-type activities is liquidated by revenues generated through sewer user fees.

Compensated Absences

Under the terms of various union contracts, City and Board of Education employees are granted and paid vacation and sick time in varying amounts based on length of service. Certain City and Board of Education employees may carry over a limited number of unused vacation days based on the terms of employment contract or union agreement.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

General Obligation Bonds

As of June 30, 2015, the outstanding general obligation bonded indebtedness serviced by the general fund of the City was as follows:

	<u>Outstanding Amount</u>
\$23,500,000 serial bond; issue of 1998; due October 2018; effective interest at 4.497%	\$ 4,735,000
\$17,990,000 serial bond issue of 2004; due October 2017; effective interest ranging from 2.000% to 3.630%	3,765,000
	<u>\$ 8,500,000</u>

The annual debt service requirements of the City's bonded indebtedness recorded in the Governmental activities described above are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2,800,000	261,425	3,061,425
2017	2,280,000	161,025	2,441,025
2018	2,255,000	76,838	2,331,838
2019	1,165,000	17,475	1,182,475
	<u>\$ 8,500,000</u>	<u>\$ 516,763</u>	<u>\$ 9,016,763</u>

Notes Payable- State of Connecticut

As of June 30, 2015, the outstanding notes payable serviced by the Business-type activities of the City was as follows:

\$5,082,808 note payable to the State of Connecticut; payable in monthly installments of \$25,474 until September 30, 2026; effective interest rate at 2.0%	\$ 3,077,358
\$36,753,163 note payable to the State of Connecticut; payable in monthly installments to be determined upon completion of the project; effective interest rate at 2.0%	29,478,912
	<u>\$ 32,556,270</u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The annual debt service requirements of the City's bonded indebtedness recorded in Business-type activities described above are as follows:

	Business-type activities		
	Principal	Interest	Total
2016	1,825,677	634,449	2,460,126
2017	1,862,526	597,600	2,460,126
2018	1,900,121	560,005	2,460,126
2019	1,938,473	521,653	2,460,126
2020	1,977,601	482,525	2,460,126
2021	2,017,517	442,608	2,460,125
2022	2,058,240	401,886	2,460,126
2023	2,099,784	360,343	2,460,127
2024	2,142,167	317,960	2,460,127
2025	2,185,405	274,721	2,460,126
2026	2,229,516	230,790	2,460,306
2027	2,043,812	187,144	2,230,956
2028	2,007,363	147,175	2,154,538
2029	2,047,779	106,660	2,154,439
2030	2,089,112	65,327	2,154,439
2031	2,131,177	23,158	2,154,335
	<u>\$ 32,556,270</u>	<u>\$ 5,354,004</u>	<u>\$ 37,910,274</u>

Prior Year's Defeasement of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2015, the amount of defeased bonds outstanding but removed from the City's government-wide financial statements amounted to \$14,265,000.

Capital Lease Obligations

Property and equipment carried at \$1,710,000, with approximately \$701,300 in accumulated depreciation, in the governmental activities was acquired under capital lease obligations. Future minimum lease payments under the capital lease are as follows:

2016	85,355
2017	85,356
2018	<u>85,356</u>
	256,067
Less amounts representing interest	<u>(6,469)</u>
	<u>\$ 249,598</u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Debt Limitation

The Connecticut General Statutes provide that the City's total outstanding and authorized debt shall not exceed certain limitations. The following schedule details these limitations and debt issued to date:

Total tax collections (including interest and lien fees) for the year ended June 30, 2015	\$ 35,136,064
Reimbursement for revenue loss:	
Tax Relief for Elderly	<u>124,877</u>
	Base <u>\$ 35,260,941</u>

The Connecticut General Statutes provide that the total authorized debt of the City shall not exceed seven times the above base, or \$246,722,050, nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 ¼ times base	\$ 79,337,116				
4 ½ times base		\$ 158,674,233			
3 ¾ times base			\$ 132,228,527		
3 ¼ times base				\$ 114,598,057	
3 times base	-	-	-	-	\$ 105,782,822
Total debt limitation	79,337,116	158,674,233	132,228,527	114,598,057	105,782,822
Indebtedness:					
Bonds payable	<u>4,735,000</u>	<u>3,765,000</u>	-	-	-
Debt Limitation in excess of outstanding and authorized debt	<u>\$ 74,602,116</u>	<u>\$ 154,909,233</u>	<u>\$ 132,228,527</u>	<u>\$ 114,598,057</u>	<u>\$ 105,782,822</u>

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2015 was \$1,715,790. Additional payments for principal and interest aggregating \$5,562,265 are to be received through the bonds' maturity dates.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation Matters

There are several claims pending against the City. The outcome and eventual liability of the City, if any, in these cases are not known at this time. The City's legal counsel estimates that potential claims against the City not covered by insurance, resulting from such litigation would not materially affect the financial position of the City.

NOTE 10 – RISK MANAGEMENT

The City and Board of Education are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; medical (partially self-insured) and workers' compensation claims and natural disasters for which the City carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Workers' compensation claims are covered through an insurance premium plan. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Insurance premiums of \$643,278 are accounted for as expenditures of the General Fund.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Connecticut Municipal Employees' Retirement Plan

Organization

Connecticut's Municipal Employees Retirement System (CMERS) is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the Connecticut Municipal Employees Retirement System (CMERS). The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The City has three different participating groups of employees with in this plan, the Ansonia Clerical Employees, the Ansonia Town Employees and the Ansonia Police Employees.

Plan description

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Municipal Employees Retirement System. This designation may be the result of collective bargaining. Only employees covered under the State Teachers Retirement System may not be included. There is no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Benefit provisions

The plan provides retirement, disability and death benefits.

General Employees-Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen-Compulsory retirement age for police and fire members is age 65.

Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by social security, the benefit is 1 %% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Early Retirement: Employees are eligible after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit: The plan also offers a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

Employer:

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees:

For employees not covered by social security, each person is required to contribute 5% of compensation.

For employees covered by social security, each person is required to contribute 2 % of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

Allocation methodology for Pension Liability, Pension Expense and Deferred outflows/inflows of resources

The schedules of employer allocations were calculated based upon the 2014 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases. The employer allocations were then applied to the net pension liability, pension expense, deferred inflows, sensitivity analysis and the deferred inflow amounts to be recognized in fiscal years subsequent to the reporting date to determine the amount applicable to each employer. The schedules of employer allocations reflect actuarial employer payroll for the fiscal year ended June 30, 2014. Based upon the employer's payroll as compared to the total, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above.

Pension Liability

At June 30, 2015, the City reported a liability of \$3,059,777 for its proportionate share of the CMERS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2014.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Net Pension Liability of the City: The components of the net pension liability of the City at June 30, 2015 was as follows:

	Ansonia Clerical MERS	Ansonia City MERS	Ansonia Police MERS	Total City of Ansonia MERS
Total pension liability	10,977,391	\$ 9,659,692	\$ 11,498,559	\$ 32,135,642
Plan fiduciary net assets	<u>9,932,185</u>	<u>8,739,950</u>	<u>10,403,731</u>	<u>29,075,866</u>
Net Pension Liability	<u>\$ 1,045,206</u>	<u>\$ 919,742</u>	<u>\$ 1,094,829</u>	<u>\$ 3,059,776</u>
Plan fiduciary net position as a percentage of the total pension liability	90.48%	90.48%	90.48%	90.48%
Percentage of the total	<u>1.016066%</u>	<u>0.894100%</u>	<u>3.037429%</u>	<u>4.94760%</u>

Pension expense and deferred outflows/inflows of resources

For the year ended June 30, 2015, the City recognized pension expense for their portion of the CMERS of \$956,989. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Ansonia Clerical MERS	Ansonia City MERS	Ansonia Police MERS	Total City of Ansonia MERS
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on investments	<u>334,661</u>	<u>294,489</u>	<u>519,860</u>	<u>1,149,010</u>
Total	<u>\$ 334,661</u>	<u>\$ 294,489</u>	<u>\$ 519,860</u>	<u>\$ 1,149,010</u>
Percentage of total	<u>1.016066%</u>	<u>0.894100%</u>	<u>3.037429%</u>	<u>4.947595%</u>
Pension Expense	<u>\$ 188,758</u>	<u>\$ 166,100</u>	<u>\$ 602,131</u>	<u>\$ 956,989</u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Deferred outflows of resources related to CMERS pensions will be recognized in pension expense as follows:

	Ansonia Clerical MERS	Ansonia City MERS	Ansonia Police MERS	Total City of Ansonia MERS
<u>Year Ending June 30,</u>				
2016	\$ 83,665	\$ 73,622	\$ 129,965	\$ 287,252
2017	83,665	73,622	129,965	287,252
2018	83,665	73,622	129,965	287,252
2019	<u>83,666</u>	<u>73,622</u>	<u>129,965</u>	<u>287,253</u>
Total	<u>\$ 334,661</u>	<u>\$ 294,488</u>	<u>\$ 519,860</u>	<u>\$ 1,149,009</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary	4.25-11.00%, including inflation
Investment rate of return	8% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

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

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

Long-term rate of return

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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2014 are summarized in the following table:

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Asset Class	MERS	MERS
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	16%	5.80%
Developed non-US equities	14%	6.60%
Emerging Markets(non-US)	7%	8.30%
Core fixed income	8%	1.30%
Inflation linked bond fund	5%	1.00%
Emerging bond fund	8%	3.70%
High yield bonds	14%	3.9
Real estate	7%	5.10%
PORivate equity	10%	7.60%
Alternative investments	8%	4.10%
Liquidity fund	<u>3%</u>	0.40%

100%

Sensitivity

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability, calculated using the discount rate of 8.00% as well as what the 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:

<u>Net Pension Liability (Asset)</u>	1%	Current	
	Decrease to 7%	Discount Rate 8%	1% Increased to 9%
Ansonia Clerical-MERS	\$2,122,498	\$1,045,206	\$ 133,186
Ansonia City Employees-MERS	\$1,867,719	\$ 919,742	\$ 117,199
Ansonia Police-MERS	\$3,656,836	\$1,094,829	\$(1,031,135)

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Connecticut State Teachers' Retirement Fund

Organization

The Connecticut Teachers' Retirement System (TRS) is the public pension plan offered by the State of Connecticut to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board. The State Teachers' Retirement Board (TRB) is responsible for the administration of the Connecticut Teachers' Retirement System. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Plan description

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

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 the 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).

In addition, amounts derived from the accumulation of 1 % contributions made prior to July 1, 1989 and voluntary contributions are payable.

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 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.

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

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 average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement

**CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contribution with interest or surviving spouse benefit depending on length of service.

Contributions-State 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 is 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 earning, 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 Districts)

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 salary for the pension benefit.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$3,131,708 for the year ended June 30, 2015.

A copy of the plan's comprehensive annual financial report can be obtained from the State of Connecticut Teachers Retirement Board.

Police Retirement Plan and City Employees' Retirement Plan

The City maintains two single-employer defined benefit pension plans covering its police and its other full-time employees (excluding employees who are covered under plans described above). These plans are considered to be part of the City's financial reporting entity and are included as pension trust funds of the City. The cost of administration is borne by the respective fund.

Police Retirement Plan

Plan description – All full-time employees of the force are covered. The plan provides retirement, disability and death benefits to members and beneficiaries.

Benefit provision may be amended by the employer through the collective bargaining agreement. As of July 1, 2013, the latest valuation date, employee membership data is:

Retirees and beneficiaries currently receiving benefits and
terminated employees entitled to benefits but not yet
receiving them

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Contributions – Contribution rates for employees may be amended by the employer through the collective bargaining agreement. Plan members are required to contribute 3% of their annual covered salary.

City Employees Retirement Plan

Plan Description – The plan covers all full-time employees (other than employees covered by other plans) who were vested in a benefit as of July 1, 1991. The plan provides retirement, disability and death benefits to members and beneficiaries. The employee vests with 15 years of service (50%) to 25 years of service (100%). As of July 1, 2013, the latest valuation date, employee membership data there are only retirees and beneficiaries receiving benefits. All active participants were transferred to MERS.

Benefit provision may be amended by the employer through the collective bargaining agreement. As of July 1, 2013, the latest valuation date, employee membership data is:

Retirees and beneficiaries currently receiving benefits and
terminated employees entitled to benefits but not yet
receiving them

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Contributions – Contribution rates for employees may be amended by the employer through the collective bargaining agreement. Plan members are required to contribute 2% of their annual covered salary. The employer is funding the remaining amounts necessary to finance the benefit through periodic contributions at actuarially determined rates.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Schedule of Funding Progress

Police Retirement Plan (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under- funded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 15, 1993	\$ 486	\$ 5,510	\$ 5,024	8.8%	\$ 1,221	412%
July 1, 1995	605	6,924	6,319	8.7%	1,339	472%
July 1, 1998	956	5,963	5,007	16.0%	1,407	356%
July 1, 2000	1,999	6,287	4,288	31.8%	1,616	265%
July 1, 2002	2,763	6,785	4,022	40.7%	1,883	214%
July 1, 2005	4,930	8,176	3,246	60.3%	2,051	158%
July 1, 2007	6,047	8,063	2,016	75.0%	2,105	96%
July 1, 2009	880	5,182	4,302	17.0%	-	-
July 1, 2010	880	5,182	4,302	17.0%	-	-
July 1, 2011	1,111	4,866	3,755	22.8%	-	-
July 1, 2012	1,111	4,866	3,755	22.8%	-	-
July 1, 2013	1,141	4,696	3,554	24.3%	-	-
July 1, 2014	1,141	4,696	3,554	24.3%	-	-

The following is a summary of certain actuarial assumptions and other information that were used to calculate the actuarial required contribution:

	Police Retirement Plan	Employees' Retirement Plan
Valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Projected unit credit	Aggregate Actuarial cost method
Actuarial accrued liability	Level dollar	N/A
Remaining amortization period	30 years	N/A
Asset valuation method	Market value	Expected value
Investment rate of return	8.00%	7.50%
Inflation	3.00%	3.00%
Retirement age	60	65
Mortality	Pre and Post-Retirement 1983 Group Annuity Mortality for males, with a six year lookback for females	UP-1984

**CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

PENSION TRUST FUNDS

COMBINING STATEMENT OF NET POSITION

June 30, 2015

	Police Pension Fund	City Employees' Retirement	Total Pension Trust Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 15,347	\$ 63,951	\$ 79,298
Investments	1,142,130	1,491,224	2,633,354
Other receivables	<u>-</u>	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 1,157,477</u>	<u>\$ 1,555,176</u>	<u>\$ 2,712,653</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Other liabilities	\$ -	\$ 430	\$ 430
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>430</u>	<u>430</u>
NET POSITION			
Reserved for employee retirement system	<u>1,157,477</u>	<u>1,554,746</u>	<u>2,712,223</u>
TOTAL NET POSITION	<u>1,157,477</u>	<u>1,554,746</u>	<u>2,712,223</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,157,477</u>	<u>\$ 1,555,176</u>	<u>\$ 2,712,653</u>

**CITY OF ANSONIA, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
YEAR ENDED JUNE 30, 2015**

ADDITIONS			
Contributions			
City of Ansonia	\$ 400,000	866,274	\$ 1,266,274
Plan members	<u>-</u>	<u>28,328</u>	<u>28,328</u>
Total contributions	400,000	894,602	1,294,602
Investment income (loss)			
Net appreciation in fair value of investments	23,819	32,785	293,197
Interest and dividends	<u>20,360</u>	<u>24,410</u>	<u>34,101</u>
	44,179	57,195	327,298
Less investment management fees	<u>13,531</u>	<u>15,684</u>	<u>20,655</u>
Net investment income	<u>30,648</u>	<u>41,511</u>	<u>306,643</u>
TOTAL ADDITIONS	430,648	936,113	1,601,245
DEDUCTIONS - benefits and other			
benefits and other deductions	<u>499,847</u>	<u>232,587</u>	<u>689,626</u>
TOTAL DEDUCTIONS	<u>499,847</u>	<u>232,587</u>	<u>689,626</u>
CHANGE IN NET ASSETS	(69,199)	703,526	911,619
Net position held for pension benefits and other purposes at July 1, 2014	<u>1,226,676</u>	<u>851,220</u>	<u>2,077,896</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES AT JUNE 30, 2015	<u>\$ 1,157,477</u>	<u>\$ 1,554,746</u>	<u>\$ 2,989,515</u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Investments:

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2014.

	<u>Police Pension</u>	<u>City Employees' Retirement</u>
Large Cap Equity	42.50%	34.00%
Mid/Small Cap Equity	7.50%	6.00%
International Equity (Developed)	8.00%	16.90%
International Equity (Emerging)	2.00%	5.60%
High Quality Fixed Income	30.00%	32.50%
Commodity	<u>10.00%</u>	<u>5.00%</u>
	<u>100%</u>	<u>100%</u>

Rate of Return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset Class	<u>Police Pension</u>		<u>Retirement</u>	
	Long-Term Expected Real Rate of Return	Weighting	Long-Term Expected Real Rate of Return	Weighting
Large Cap Equity	5.00%	2.13%	5.00%	1.70%
Mid/Small Cap Equity	5.35%	0.40%	5.35%	0.32%
International Equity (Developed)	5.45%	0.44%	5.45%	0.92%
International Equity (Emerging)	6.55%	0.13%	6.55%	0.37%
High Quality Fixed Income	1.75%	0.53%	1.75%	0.57%
Commodity	2.63%	<u>0.26%</u>	2.63%	<u>0.13%</u>
		3.89%		4.01%
Long-term inflation expectation		<u>2.25%</u>		<u>2.25%</u>
Long-term expected nominal return		<u>6.14%</u>		<u>6.26%</u>

Concentrations

Investments that represent 5% or more of net position available for benefits are listed in Note 5.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

	<u>Police Pension Fund</u>	<u>City Employees' Retirement</u>
Total pension liability	\$4,470,007	\$ 3,463,164
Plan fiduciary net assets	1,157,477	1,554,746
	-	
Net Pension Liability	<u>\$3,312,530</u>	<u>\$ 1,908,418</u>
Plan fiduciary net position as a percentage of the total pension liability	25.89%	44.89%

The City's net pension liability will be required to be recorded on the governmental-wide statement of net position at June 30, 2015.

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2014. There have been no significant changes between the valuation date and the fiscal year end.

	<u>Police Retirement Plan</u>	<u>Employees' Retirement Plan</u>
Valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Projected unit credit	Aggregate Actuarial cost method
Actuarial accrued liability	Level dollar	N/A
Remaining amortization period	30 years	N/A
Asset valuation method	Market value	Expected value
Investment rate of return	8.00%	7.50%
Inflation	3.00%	3.00%
Retirement age	60	65
Mortality	Pre and Post-Retirement 1983 Group Annuity Mortality for males, with a six year lookback for females	UP-1984

Assumed Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015(see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Police Pension	City Employees' Retiremenet
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Large Cap Equity	5.00%	5.00%
Mid/Small Cap Equity	5.35%	5.35%
International Equity (Developed)	5.45%	5.45%
International Equity (Emerging)	6.55%	6.55%
High Quality Fixed Income	1.75%	1.75%
Commodity	2.63%	2.63%

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. 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. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the rate utilized:

	1% Decrease to 7%	Current Discount Rate 8%	1% Increased to 9%
<u>Net Pension Liability (Asset)</u>			
Police Pension	<u>\$3,655,095</u>	<u>\$3,312,530</u>	<u>\$3,014,306</u>
	1% Decrease to 6.50%	Current Discount Rate 7.5%	1% Increased to 8.5%
<u>Net Pension Liability (Asset)</u>			
City Employees' Retiremenet	<u>\$2,256,645</u>	<u>\$1,908,418</u>	<u>\$1,605,935</u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended June 30, 2015, the City recognized pension expense of \$281,510 for the Police Pension Plan and \$244,144 for the City Pension Plan. The City reported deferred outflows of resources related to pensions from the following sources:

	<u>Pension</u>	<u>City Pension</u>	<u>Total</u>
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 31,754	\$ 87,565	\$ 119,319
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on investments	<u>37,993</u>	<u>10,887</u>	<u>48,880</u>
Total	<u>\$ 69,747</u>	<u>\$ 98,452</u>	<u>\$ 168,199</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Change of assumption and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was also 5 years. Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

	<u>Police Pension</u>	<u>City Pension</u>
<u>Year Ending June 30,</u>		
2016	\$ 17,437	\$ 24,613
2017	17,437	24,613
2018	17,437	24,613
2019	<u>17,436</u>	<u>24,613</u>
Total	<u>\$ 69,747</u>	<u>\$ 98,452</u>

NOTE 12 – OTHER POST-RETIREMENT BENEFITS

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2013. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended July 1, 2011, the City recognized the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2011 liability.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the Projected Unit Credit Cost Method.

Membership in the plan consisted of the following at July 1, 2013, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	118
Active plan members	<u>341</u>
Total	<u>459</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Contributed	Net OPEB Obligation
June 30, 2015	\$ 2,524,625	\$ 802,330	32%	\$ 10,969,309
June 30, 2014	\$ 2,963,000	\$ 1,168,000	39%	\$ 9,247,014
June 30, 2013	2,796,682	\$ 1,205,000	43%	\$ 7,452,014

The calculation of the Net Other Post-Retirement Benefits (OPEB) is detailed as follows and is recorded in Governmental Activities:

Annual required contribution(ARC)	\$ 2,539,420
Adjustments to ARC	(384,676)
Interest on OPEB	<u>369,881</u>
Annual OPEB cost	2,524,625
Contributions made	<u>802,330</u>
Increase in net OPEB liability	1,722,295
Net OPEB obligation, beginning of year	<u>9,247,014</u>
Net OPEB obligation, end of year	<u><u>\$ 10,969,309</u></u>

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Covered payroll (C)	Unfunded UAL as a % of covered payroll ((b-a)/c)
June 30, 2015	\$ -	\$ 33,468,000	0%	N/A	N/A
June 30, 2014	-	33,468,000	0%	N/A	N/A
June 30, 2013	-	31,819,000	0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level Percent
Remaining amortization period	30 Years Decreasing
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	7.70%-4.00%(Over 69 years)

Health cost trend rates

Initial inflation rate for retired medical and prescription drug benefits are assumed to be 7.70% grading down to an ultimate inflation rate of 4.40% over a period of 69 years.

The City also provides certain health care benefits to 38 retirees as required by various collective bargaining agreements. Expenditures of approximately \$395,000 for retirees receiving these benefits were recognized during the year ended June 30, 2015. Expenditures are recognized when premiums are paid to the insurance carriers. There is no requirement for participant contributions for premiums.

CITY OF ANSONIA, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – BOND ANTICIPATION NOTE

The City borrowed \$6,325,000 during the year ended June 30, 2014 in the form of two bond anticipation notes, Lot A \$3,000,000 note (.75% per annum) and Lot B \$3,325,000 (1.0% per annum). Lot B note of \$3,325,000 was used to refinance a bond anticipation note in February of \$3,600,000 (1.5% per annum) after a \$275,000 principal pay-down.

NOTE 14 – FUND DEFICIT/DEFICIENCY

The Capital Projects Fund had a negative assigned fund balance of \$1,969,902. This negative assigned fund balance was due to demolition of buildings financed through bond anticipation notes. These notes are expected to be repaid through bonding and financed by the general fund once the demolition project is completed.

NOTE 15 – ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position June 30, 2014	
as previously reported	\$ 48,483,653
Net pension liability as June 30, 2014	(10,364,862)
Net pension liability adjustment	<u>3,532,733</u>
Net position July 1, 2014, as restated	<u>\$ 41,651,524</u>

NOTE 16 – SUBSEQUENT EVENT

Subsequent events were evaluated through September 30, 2014, the date the financial statements were available to be issued.

CITY OF ANSONIA, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2015

Fiscal Year Ended June 30,	Police Retirement Plan		City Employee Retirement Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2000	\$ 509,335	138%	9,872	83%
2001	499,246	150%	197	0%
2002	499,246	150%	11,234	0%
2003	485,869	143%	11,235	0%
2004	486,869	151%	19,868	0%
2005	486,869	179%	19,868	108%
2006	459,830	115%	66,665	36%
2007	460,673	26%	65,104	39%
2008	434,928	57%	155,251	0%
2009	434,928	201%	161,321	0%
2010	382,139	137%	239,098	0%
2011	382,139	122%	254,041	0%
2012	333,542	135%	350,818	0%
2013	333,542	152%	405,047	0%
2014	315,777	127%	356,918	0%
2015	315,777	127%	326,623	0%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Police Retirement Plan	Employees' Retirement Plan
Valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Projected unit credit	Aggregate Actuarial cost method
Amortization method		
Actuarial accrued liability	Level dollar	N/A
Remaining amortization period	30 years	N/A
Asset valuation method	Market value	Expected value
Actuarial assumptions		
Investment rate of return	8.00%	7.50%

**CITY OF ANSONIA, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015**

Police Retirement Plan (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Under- funded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 15, 1993	\$ 486	\$ 5,510	\$ 5,024	8.8%	\$ 1,221	412%
July 1, 1995	605	6,924	6,319	8.7%	1,339	472%
July 1, 1998	956	5,963	5,007	16.0%	1,407	356%
July 1, 2000	1,999	6,287	4,288	31.8%	1,616	265%
July 1, 2002	2,763	6,785	4,022	40.7%	1,883	214%
July 1, 2005	4,930	8,176	3,246	60.3%	2,051	158%
July 1, 2007	6,047	8,063	2,016	75.0%	2,105	96%
July 1, 2009	880	5,182	4,302	17.0%	-	-
July 1, 2010	880	5,182	4,302	17.0%	-	-
July 1, 2011	1,111	4,866	3,755	22.8%	-	-
July 1, 2012	1,111	4,866	3,755	22.8%	-	-
July 1, 2013	1,141	4,696	3,554	24.3%	-	-
July 1, 2014	1,141	4,696	3,554	24.3%	-	-

City Retirement Plan

The City has adopted the Aggregate Actuarial Cost Method.

(*) biennial valuation

CITY OF ANSONIA, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2015

	<u>Year ending June 30, 2015</u>		<u>Year ending June 30, 2014</u>	
	<u>Police Retirement Plan</u>	<u>Employees' Retirement Plan</u>	<u>Police Retirement Plan</u>	<u>Employees' Retirement Plan</u>
Total Pension Liability				
Service cost	\$ -	\$ 78,361	\$ -	\$ 68,206
Interest on total pension liability	347,042	237,527	-	248,200
Effect of economic/demographic gains or (losses)	34,864	96,546	353,794	(250,860)
Change in assumptions	-	-	64,990	-
Benefit payments	<u>(499,847)</u>	<u>(232,587)</u>	<u>(506,513)</u>	<u>(183,112)</u>
Net change in total pension liability	(117,941)	179,847	(87,729)	(117,566)
Total Pension Liability, beginning	<u>4,587,948</u>	<u>3,283,317</u>	<u>4,675,677</u>	<u>3,400,883</u>
Total pension liability, ending (a)	4,470,007	3,463,164	4,587,948	3,283,317
Fiduciary Net Position				
Employer contributions	\$ 400,000	\$ 866,274	\$ 400,000	\$ -
Member contributions	-	28,328	-	29,547
Investment income net of investment expenses	30,649	41,510	191,750	114,892
Benefit payments	<u>(499,847)</u>	<u>(232,587)</u>	<u>(506,513)</u>	<u>(183,112)</u>
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(69,198)	703,525	85,237	(38,673)
Fiduciary Net Position, beginning	1,226,676	851,220	1,141,439	889,893
Fiduciary net position, ending (b)	<u>1,157,478</u>	<u>1,554,745</u>	<u>1,226,676</u>	<u>851,220</u>
Net pension liability, ending (a)-(b)	<u>\$ 3,312,529</u>	<u>\$ 1,908,419</u>	<u>\$ 3,361,272</u>	<u>\$ 2,432,097</u>
Fiduciary net position as a % of total pension liability	25.89%	44.89%	26.74%	25.93%
Covered payroll	N/A	\$ 1,447,525	N/A	\$ 1,278,903
Net pension liability as a % of covered payroll	N/A	132%	N/A	190%

Note: See notes to the financial statements for actuarial methods and assumptions.

**CITY OF ANSONIA, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY MUNICIPAL EMPLOYERS
RETIREMENT SYSTEM PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2015**

	<u>Year ending June 30, 2015</u>			
	<u>Ansonia Clerical MERS</u>	<u>Ansonia City MERS</u>	<u>Ansonia Police MERS</u>	<u>Total City of Ansonia MERS</u>
Contractually required contribution	\$ 356,815	\$ 289,939	631,613	\$ 1,278,367
Contributions in relation to the coterminously required contribution	<u>(356,815)</u>	<u>(289,939)</u>	<u>(631,613)</u>	<u>(1,278,367)</u>
Contribution deficiency(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered payroll	\$ 2,254,708	\$ 1,984,058	\$ 3,962,036	\$ 8,200,802
Contributions as a percentage of covered payroll	<u>15.83%</u>	<u>14.61%</u>	<u>15.94%</u>	<u>15.59%</u>

Note: See notes to the financial statements for actuarial methods and assumptions.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Police Seizure — is used to account for the seized assets from assets made by the Ansonia Police Department.

Municipal Parking Authority — is used to account for fees paid for parking.

School Cafeteria — is used to account for a school lunch program and the federal and state grants that are included within that program.

Economic NTA — is used to account for funds used for the economic betterment of the City of Ansonia.

CITY OF ANSONIA, CONNECTICUT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Police Seizure	Municipal Parking Authority	School Cafeteria	Economic NTA	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 122,035	\$ 91,223	\$ 387,914	\$ 9,130	\$ 610,302
Receivables:					
Intergovernmental	-	-	218,212	-	218,212
Inventory	-	-	12,111	-	12,111
Due from other funds	-	18,079	-	-	18,079
TOTAL ASSETS	\$ 122,035	\$ 109,302	\$ 618,237	\$ 9,130	\$ 858,704
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 3,817	\$ -	\$ 3,817
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	3,817	-	3,817
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue-grants	-	-	-	2,400	2,400
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	12,111	-	12,111
Assigned	122,035	109,302	602,309	6,730	840,376
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	122,035	109,302	614,420	6,730	852,487
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 122,035	\$ 109,302	\$ 618,237	\$ 9,130	\$ 858,704

CITY OF ANSONIA, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

REVENUES					
Federal and state grants	\$ 127,885	\$ -	\$ 1,448,668	\$ -	\$ 1,576,553
Charges for services	-	22,294	314,842	-	337,136
Income on investments	307	7	541	-	855
TOTAL REVENUES	128,192	22,301	1,764,051	-	1,914,544
EXPENDITURES					
Education	-	-	1,656,726	-	1,656,726
Public safety	150,270	-	-	-	150,270
Human services	-	-	-	1,224	1,224
TOTAL EXPENDITURES	150,270	-	1,656,726	1,224	1,808,220
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES					
	(22,078)	22,301	107,325	(1,224)	106,324
OTHER FINANCING SOURCES					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCIAL SOURCES OVER EXPENDITURES					
	(22,078)	22,301	107,325	(1,224)	106,324
Fund balance at July 1, 2014	144,113	87,001	507,095	7,954	746,163
FUND BALANCE (DEFICIT) AT JUNE 30, 2015	\$ 122,035	\$ 109,302	\$ 614,420	\$ 6,730	\$ 852,487

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, Expendable Trusts, Non-Expendable Trusts and Agency Funds.

Agency Funds — utilize the modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for the activities as listed below:

- Student Activity
- Student Scholarship Fund
- Senior Center
- Performance Bonds

**CITY OF ANSONIA, CONNECTICUT
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
STUDENT ACTIVITY FUNDS				
ASSETS				
Cash	\$ 150,135	\$ 247,340	\$ 227,611	\$ 169,864
LIABILITIES				
Due to student groups	\$ 150,135	\$ 247,340	\$ 227,611	\$ 169,864
STUDENT SCHOLARSHIP FUNDS				
ASSETS				
Investments	\$ 215,348	\$ 25,154	\$ 11,519	\$ 228,983
LIABILITIES				
Due to student groups	\$ 215,348	\$ 25,154	\$ 11,519	\$ 228,983
SENIOR CENTER				
ASSETS				
Cash	\$ 1,445	\$ 7,094	\$ 8,015	\$ 524
LIABILITIES				
Due to seniors	\$ 1,445	\$ 7,094	\$ 8,015	\$ 524
PERFORMANCE BONDS				
ASSETS				
Cash	\$ 129,951	\$ 30	\$ 17,872	\$ 112,109
LIABILITIES				
Due to developers	\$ 129,951	\$ 30	\$ 17,872	\$ 112,109
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 281,531	\$ 254,464	\$ 253,498	\$ 282,497
Investments	215,348	25,154	11,519	228,983
TOTAL ASSETS	\$ 496,879	\$ 279,618	\$ 265,017	\$ 511,480
LIABILITIES				
Due to student groups	\$ 357,128	\$ 272,494	\$ 239,130	\$ 398,847
Due to seniors	2,959	7,094	8,015	524
Due to developers	157,211	30	17,872	112,109
TOTAL LIABILITIES	\$ 517,298	\$ 279,618	\$ 265,017	\$ 511,480

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OTHER SCHEDULES

**CITY OF ANSONIA, CONNECTICUT
SCHEDULE OF PROPERTY TAXES
YEAR ENDED JUNE 30, 2015**

Grand List October 1,	Uncollected Taxes July 1, 2014 and Current List	Corrections of Error			Balance to be Collected
		Additions	Deductions	Suspense	
1999	13,555	-	1,181	\$ -	\$ 12,374
2000	16,293	-	-	-	16,293
2001	16,447	-	-	-	16,447
2002	18,945	-	-	-	18,945
2003	17,755	-	-	-	17,755
2004	13,904	-	-	-	13,904
2005	22,756	-	-	-	22,756
2006	233,566	130	131	200,468	33,097
2007	195,996	-	979	143,276	51,741
2008	212,360	-	455	126,129	85,776
2009	245,562	-	1,718	108,714	135,130
2010	373,174	-	2,234	103,594	267,346
2011	641,728	62,047	94,745	118,318	490,712
2012	1,427,900	20,148	19,933	306,693	1,121,422
	3,449,939	82,325	121,376	1,107,192	2,303,696
2013	34,780,360	93,196	237,301		34,636,255
TOTAL	<u>\$ 38,230,299</u>	<u>\$ 175,521</u>	<u>\$ 358,677</u>	<u>\$ 1,107,192</u>	<u>\$ 36,939,951</u>

**SCHEDULE OF WATERLINE ASSESSMENTS
YEAR ENDED JUNE 30, 2015**

Uncollected Assessments July 1, 2014	Collections				Uncollected Assessments June 30, 2015
	Assessments	Interest	Lien	Total	
<u>\$ 92,593</u>	<u>\$ 28,366</u>	<u>\$ 318</u>	<u>\$ 72</u>	<u>\$ 28,756</u>	<u>\$ 64,227</u>

Collections

Taxes	Interest	Liens & Fees	Totals	Uncollected Taxes	
				June 30,2015	
300	100	-	\$ 400	\$	12,074
-	1,076	24	1,100		16,293
-	-	-	-		16,447
1,658	3,431	54	5,143		17,287
2,807	1,810	24	4,641		14,948
3,287	5,423	24	8,734		10,617
5,994	7,335	72	13,401		16,762
14,795	17,413	145	32,353		18,302
18,528	17,657	192	36,377		33,213
37,222	33,404	216	70,842		48,554
56,167	42,506	528	99,201		78,963
102,972	51,319	954	155,245		164,374
168,266	71,714	1,659	241,639		322,446
678,803	136,411	3,297	818,511		442,619
1,090,799	389,599	7,189	1,487,587		1,212,898
33,459,632	186,613	2,232	33,648,477		1,176,623
<u>\$ 34,550,431</u>	<u>\$ 576,212</u>	<u>\$ 9,421</u>	<u>\$ 35,136,064</u>	<u>\$</u>	<u>2,389,521</u>

CITY OF ANSONIA, CONNECTICUT
SCHEDULE OF NATIONALLY RECOGNIZED MUNICIPAL
SECURITIES INFORMATION REPOSITORY
YEAR ENDED JUNE 30, 2015

Gross Grand List-October 1, 2013	\$ 903,609,642
Net Grand List-October 1, 2013	892,497,451

Ten Largest Taxpayers:	<u>Grand List Assessment</u>
United Illuminating Co	\$ 13,018,660
Target Corp	10,420,990
Ansonia Shopping Center LLC	8,601,000
Yankee Gas Services Co	7,375,570
Ansonia E & A LLC	7,169,500
445 Beaver Brook, LLC	4,700,300
Regional Water Authority	4,279,200
Ansonia Copper & Brass Inc	3,386,700
Meditrust of Connecticut, Inc.	3,189,500
Connecticut Commercial Investors	2,480,000

Debt Statement as of June 30, 2015:

Short Term Debt	6,075,000
Long Term Debt	<u>8,500,000</u>
Total Direct Debt	14,575,000
Less: School construction grants	(5,562,265)
Water assessments receivable	<u>(64,227)</u>
Total Net Direct Debt	<u>\$ 8,948,508</u>

Current Debt Ratios

(Pro Forma)

Population (2012)*	19,188
Net Grand List(Taxable)-October 1, 2013	\$ 892,497,451
Estimated Full Value (70%)	\$ 1,019,262,848
Equalized Net Taxable Grand List**	\$ 1,456,089,783
Money Income per Capita (2012)*	\$ 54,720

* Connecticut Economic Resource Center, Inc. (Cerc)

** State of Connecticut, Office of Policy and Management

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>
Per Capita	760	466
Ratio to Net Taxable Grand List	1.63%	1.00%
Ratio to Estimated Full Value	1.43%	0.88%
Ratio to Equalized Net Taxable Grand List	1.00%	0.61%
Per Capita to Money Income per Capita	1.39%	0.85%