

**TOWN OF STRATFORD,
CONNECTICUT**



**Comprehensive
Annual Financial Report
Fiscal Year Ended June 30, 2014**

Comprehensive Annual Financial Report

of the

Town of Stratford, Connecticut

Fiscal Year Ended June 30, 2014

Finance Department
Susan Collier
Finance Director

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Introductory Section

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

John A. Harkins, Mayor

TOWN COUNCIL

Joseph Kubic, Council Chair
Peter Massey
Matthew P. Catalano
Stephanie D. Philips
Jason W. Santi
Brian Dempsey
Kenneth Poisson
Craig Budnick
James J. Connor
Paul Hoydick

BOARD OF EDUCATION

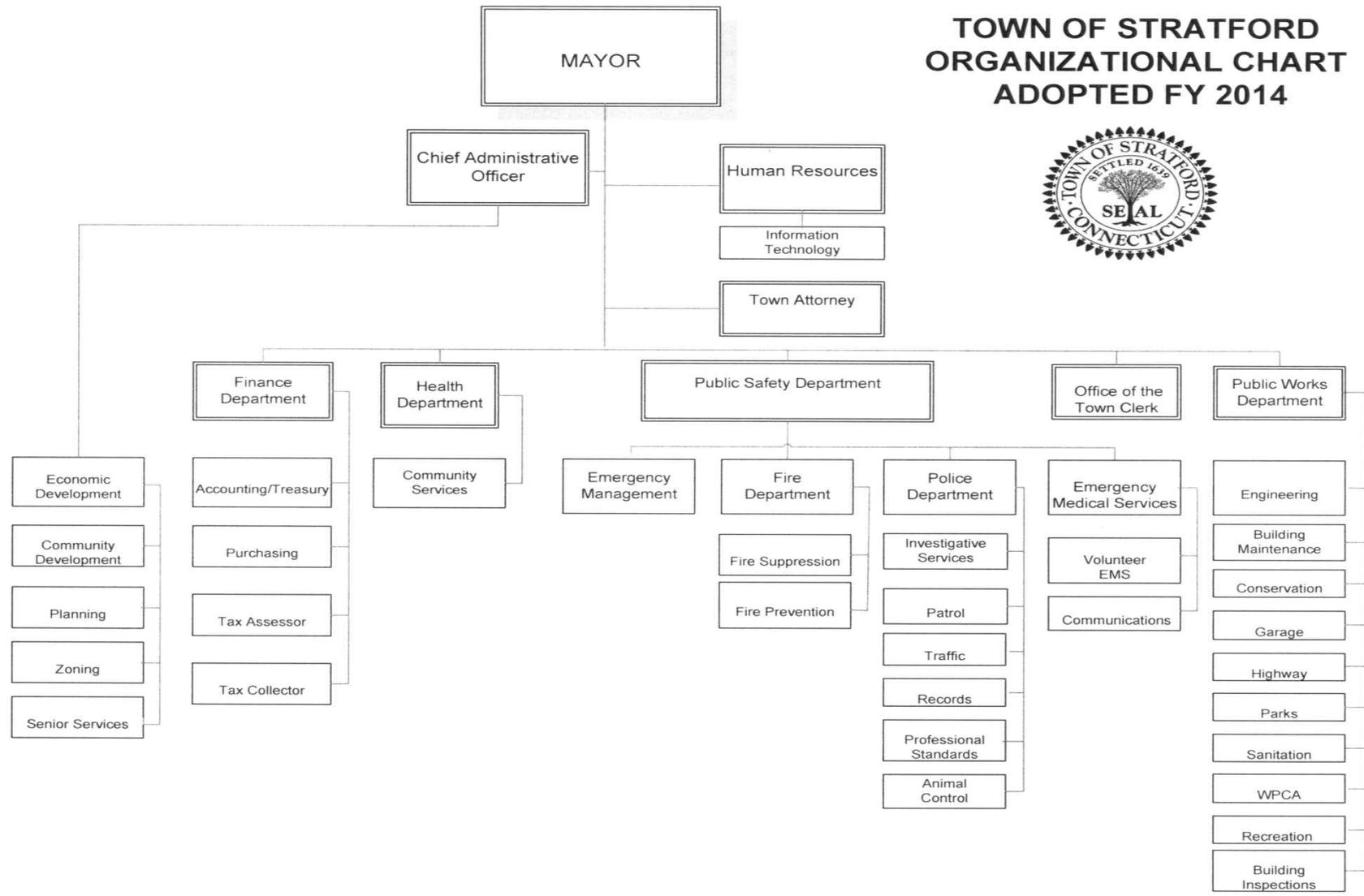
| | |
|--------------------|---------------------|
| Chairman..... | Andrea Veilleux |
| Vice-Chairman..... | Robert Chaloux |
| Secretary..... | Jancee Pust-Marcone |
| Board Member..... | Christian Barnaby |
| Board Member..... | James Feehan |
| Board Member..... | Leonard Petruccelli |
| Board Member..... | Theresa Sheehy |

Dr. Janet M. Robinson,
Superintendent of Schools

ADMINISTRATION

| | |
|-----------------------------------|-------------------|
| Chief Administrative Officer..... | Stephen Nocera |
| Finance Director..... | Susan A. Collier |
| Town Clerk..... | Susan Pawluk |
| Treasurer..... | Marie Craig |
| Assessor..... | Melinda Fonda |
| Tax Collector..... | Deborah Heim |
| Town Attorney..... | Timothy A. Bishop |

TOWN OF STRATFORD ORGANIZATIONAL CHART ADOPTED FY 2014





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Stratford
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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January 30, 2015

Honorable John A. Harkins, Mayor
Honorable Town Council Members
Town of Stratford, Connecticut

Connecticut law requires that all general-purpose local governments publish at the end of each fiscal year a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of the internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey LLP., Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Stratford, Connecticut's financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

Town Profile

English settlers founded the Town of Stratford in 1639, making it the eighth town in the State of Connecticut (the "State of Connecticut" or the "State"). Located thirteen miles west of New Haven and adjacent to Bridgeport to the west, Milford to the east, Long Island Sound to the south and Shelton to the north, the Town is located 65 miles east of New York City and 50 miles southwest of Hartford, Connecticut. The Town encompasses approximately 18.7 square miles within Fairfield County.

The Town is traversed by two major highways, the Merritt Parkway (Route 15) and the Connecticut Turnpike (Interstate 95). Metro-North and Amtrak provide rail service to Boston and New York. Sikorsky Memorial Airport is located within Stratford. It provides various services to both private industry and commuters to New York's major airports. The Town is a member of the Greater Bridgeport Transit District that operates more than fifty buses on sixteen routes that include Stratford, Fairfield, Trumbull and the City of Bridgeport.

Stratford is a balanced community of residential, waterfront and rural areas, retail and commercial development and major industrial plants. The large selection of affordable homes is one reason many companies have located here. The Town has more land zoned for industry than any other town in the State of Connecticut, almost all of which is within five minutes of either Interstate 95 or the Merritt Parkway. The Stratford Industrial Park, a 240 acre site, is located one half mile from Interstate 95 and Sikorsky Airport.

The Town's public school system provides a balanced curriculum for approximately 7,200 students. There are several vocational training facilities, colleges and universities in close proximity to Stratford, which offer a variety of educational programs. The public school system consists of three schools for pupils in grades Pre-K through 6, five schools for pupils in grades K through 6, two schools for pupils in grades 7-8 and two schools for pupils in grades 9-12. The schools are governed by a seven-member elected Board of Education.

The Town's location on Long Island Sound provides residents with three public beaches, five marinas, a fishing pier and public launch ramp. In addition, Roosevelt Forest and Boothe Memorial Park are ideal for hiking, picnics and cross-country skiing during winter.

The Town offers a variety of cultural attractions, including the Square One Theater and the Sterling House Community Center which offer low cost, high quality programs.

The Town currently operates under and is governed by the laws of the State of Connecticut and its own charter. The Town operated under a Council-Manager form of government from 1921 to 2005. As a result of charter revision, effective December 12, 2005, the Town became a Mayor-Council form of government with the election of Stratford's first Mayor and ten council members.

The Town provides a full range of services including public safety, street maintenance, sanitation, health and human services, public parks and recreation, library, education, culture, public improvement, planning, zoning, sewer and general administrative services.

Town Local Economy

Economic activity remains stable in the Town of Stratford in spite of state and national economic forces. The Town continues to attract owners of all types of businesses (from medical, personal and household services to office, retail, wholesale and dining establishments) that seek the Town for its geographic advantages, diverse zoning and reputation as an affordable location in Fairfield County.

Sikorsky Aircraft, the town's largest employer, employs approximately 6,500 employees. According to the company, its current workload is stable and the company has expressed an ongoing commitment to the Town.

With over 12,900,000 square feet of effective of commercial, industrial, retail and office space, the Town of Stratford has a diverse, thriving, growing base of successful businesses within the community.

The Town has seen numerous current businesses expand and many new businesses move into town. Penmar Industries, Cober Electronics, Crunch Fitness, El's Kitchen and Seaboard Industries are some of the new companies that have relocated to Stratford. Two Roads Brewery is currently operating at the historic U.S. Baird property. Aptar, Teavana, Nuovo Pasta, Straton Industries, York laboratories, and Stratford Land Development are current Stratford businesses that are expanding in size, potentially creating dozens of jobs.

Mayor John Harkins has formed the Stratford Redevelopment Authority (SRA) whose purpose and mission it is to devise and implement a diverse plan to promote industrial, economic and commercial development and growth in Stratford. The Connecticut Department of Economic and Community Development (DECD) has awarded the Town of Stratford a \$2,850,000 grant to remediate the 10.5 acre Contract Plating site. Stratford has also received a \$200,000 Brownfields grant from the EPA for removal and clean-up at the Town-owned Mercer Fuel towers site on Stratford Avenue. Once remediated, the properties will be ready for development.

Recent Town Operations

The Town, through its elected and administrative officials, continues to take steps to review, redefine and restructure various approaches in policy and management in order to effectively manage critical issues. The following are some of the operational and fiscal control measures implemented in the last several months by the Town.

On May 12, 2014, the Town's Fiscal Year 2014-2015 operating budget was adopted. During budget meetings, department heads reviewed each program and expenditure and were asked to justify expenditures, overages or shortages to the Chief Administrative Officer, Mayor, Director of Finance and Human Resources Director. On the revenue side of the budget, for Fiscal Year 2015 the tax collection assumption was raised slightly to reflect recent upswing in collection rates. Additionally, Quarterly Business Reviews (QBRs) have been undertaken to review and better manage fiscal operations.

Annually the Town prepares a Five Year Capital Improvement & Equipment Program, which is reviewed by the Town Council. The approved fiscal year 2014-2015 Five Year Capital Improvement and Equipment Programs includes various projects and equipment purchases totaling \$111,572,006 for the five-year period beginning with FY 2015 and ending with FY 2019. Borrowing consists of \$98,523,008. Grants of \$1,305,000 are projected to be available and the remaining amount of \$11,643,998 is from General Fund and Enterprise Funds.

The Town is currently undertaking two major school improvement projects. The first project is the new Victoria Soto School (formerly, Stratford Academy Honeyspot House Elementary school), a 35,960 square foot facility for Pre-K/Kindergarden to second grade which will be located adjacent to the existing Stratford Academy Johnson House Elementary school. The project has been approved by the Town Council and Board of Education and the State of Connecticut Department of Education. Currently, the project is under construction with substantial completion scheduled for May 2015. The Town is expecting that the building will be open for the 2015-2016 school year. The total project cost is currently estimated to be \$18,350,654 and the Town expects to receive approximately \$10,117,357 in state grants to offset the local share of the project. To date, the Town has authorized \$18,350,654 for the project. The second school project consists of comprehensive renovations and/ or additions at the existing Stratford High School. The project will include complete new or like new construction of building envelope renovation, reconfiguration of existing spaces to maximize efficiency, additional science classrooms, gym facilities, media center, auditorium HVAC, energy efficiency and related site improvements.

For more information regarding recent Town operations refer to the Management Discussion & Analysis section within.

Recent Financial Results

For the fiscal year ended June 30, 2014, on a budgetary basis, General Fund revenues total \$194,410,540 while expenditures totaled \$194,285,021. The result was a year-end operating surplus of \$125,519.

The main driver of the estimated revenue surplus was a positive variance of \$750 thousand in Intergovernmental Revenue which was the result of approximately \$650 thousand in non-budgeted in lieu of State property tax and State transportation reimbursement. Property taxes had a positive revenue variance of \$550 thousand which was the result of an increase in the tax rate. Finally, the Town had a combined net positive revenue variance of approximately \$495 thousand in other revenue accounts (excluding unbudgeted Police Private Duty reimbursements).

The estimated \$1,700 thousand negative expenditure variance includes a total of \$1,180 thousand negative variance in debt service and \$710 thousand negative variance in contingency. In FY14, Town issued \$162,690,000 of general obligation bonds to fund the pension account. Also there was a claim settlement of \$1.5 million with insurance covering \$1 million of the settlement.

The Town's cost control efforts include continuing to monitor all overtime expenses and bi-weekly expense reviews with department heads as well as Quarterly Business Reviews (QBRs) to review and better manage fiscal operations. Although there are many unknowns heading into Fiscal Year 2014-15, including ongoing union negotiations with Town collective bargaining units, negotiations with Board of Education bargaining units and ongoing worker's compensation cases, the Town will work to continue to control spending, hit its collection goals and strive to achieve balanced operations.

Town Organization

From 1921 until 2005, the Town of Stratford operated under a Council-Manager form of government. In November 2003, the electors of the Town approved a referendum authorizing a revision to the Charter requiring a change to a Mayor-Council form of government. The new form of government took effect on December 12, 2005 when the Town's first Mayor was sworn into office. The Mayor is a full time, compensated, elected official with a term of four (4) years. The Mayor is recognized as the head of the Town and appoints all department heads including the Town Attorney, appoints citizens to commissions, prepares the budget, establishes criteria for evaluation of subordinates, and signs or vetoes legislation passed by the Town Council. This power includes the ability to veto a specific line item within proposed

operating budgets. The Mayor's attendance at all Council meetings is required, but the Mayor is not able to vote unless to break a tie vote of the Town Council. A Chief Administrative Officer (the "CAO") is appointed by the Mayor, and assists the Mayor with budget preparation, labor negotiations, and any other areas deemed appropriate by the Mayor. A bipartisan Town Council of ten members, who are elected for two-year terms, performs the legislative function. The Town Council approves the annual budget, supplemental appropriations and bond authorizations.

Policies and Practice

Debt

In FY14, the Town continued to pay principal and interest payments on its Pension Obligation Bonds directly from the General Fund. The 1998 bonds were issued to offset the Town's unfunded pension liability. The Town previously refunded \$51.750 million of pension obligation bonds in FY11 to take advantage of the declining interest rates.

On September 26, 2013 [FY14], the Town refunded \$16,660,000 of general obligation bonds to refinance previous obligation bonds. The bonds will mature through 2023.

On October 18, 2013 [FY14], the Town issued \$162,690,000 of general obligation bonds to fund the pension account. The bonds will mature through 2038.

On December 17, 2014 [FY15], the Town issued \$42,740,000 of general obligation bonds. The bonds will mature through 2034. The issue consists of \$33,795,000 of new money and \$8,945,000 of refunding money.

Taxes

During the fiscal year ended 2014, the Town collected 97.5% of its current tax levy. This represented the sixteenth consecutive year that the Town has exceeded 96.5%. Property taxes increased by \$3.5 million over the prior year. Current tax collections totaled \$153.8 million. Arrears taxes and interest collected was \$3.7 million.

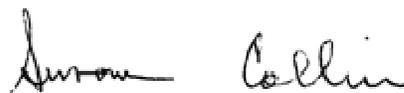
Acknowledgements

I would like to thank McGladrey LLP., our independent auditors, for their professional guidance, assistance, and many helpful comments and suggestions. I would also like to give special thanks to all of the finance department staff that has worked many extra hours to assist with the preparation of this report.

In closing, without the leadership and support of the Town administration and the assistance of various Town departments, preparation of this report would not have been possible.

Respectfully Submitted,

Respectfully Submitted,



Susan A. Collier
Finance Director

Financial Section



Independent Auditor's Report

To the Members of the Town Council
Town of Stratford, 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 Town of Stratford, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Stratford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 55 through 60, and the schedules of employer contributions and schedules of funding progress on pages 63 through 62 and the schedule of the Town's net pension liability and related ratios on page 61, 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, which 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 Town of Stratford, Connecticut's basic financial statements. The introductory section, the combining and individual fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015 on our consideration of the Town of Stratford, 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 Town of Stratford, Connecticut's internal control over financial reporting and compliance.



New Haven, Connecticut
January 30, 2015

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

This discussion and analysis of the Town of Stratford, Connecticut's (the Town) financial performance is developed by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to XI.

Financial Highlights

- In the Statement of Net Position, The Town's net position decreased by \$9.2 million, or 18.7%, as a result of this year's operations. The net position of our business-type activities decreased by \$1.6 million, or 6.3%, and the net position of our governmental activities decreased by \$7.6 million, or 32.3%.
- During the year, the Town had expenses that were \$8.3 million more than the \$220 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services are \$11.9 million while operating expenses are \$12.9 million primarily due to the Water Treatment plant and Emergency Medical Services.
- Total cost of all of the Town's programs increased by \$18.6 million to \$240.7 million with no major new programs added this year. These increases consisted of \$5.1 million in interest expense and \$11.5 million in education expenses.
- The General Fund reported a fund balance this year of \$10.4 million, which was a decrease of \$.8 million from the prior year.
- Revenues in the General Fund totaled \$193,581 thousand while expenditures totaled \$192,256 thousand resulting in an excess of \$1,325 thousand on a budgetary basis (excluding other financing sources).

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to XI. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, highways and streets, sanitation, economic development and recreation. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Waste Operating Facility, Town golf facilities and EMS Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Capital Projects Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the State Department of Education). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III to VI)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits VII to IX)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits X and XI)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net position decreased from a year ago from \$49.4 million to \$40.2 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1
SUMMARY STATEMENT OF NET POSITION
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and Other Assets | \$ 218,116 | \$ 80,899 | \$ 6,745 | \$ 7,164 | \$ 224,861 | \$ 88,063 |
| Capital Assets, net of depreciation | 167,345 | 159,794 | 58,218 | 61,691 | 225,563 | 221,485 |
| Total assets | 385,461 | 240,693 | 64,963 | 68,855 | 450,424 | 309,548 |
| Deferred Charge on Refundings | 3,243 | - | 36 | - | 3,279 | - |
| Total deferred outflows of resources | 3,243 | - | 36 | - | 3,279 | - |
| Current Liabilities | 13,406 | 13,009 | 420 | 211 | 13,826 | 13,220 |
| Long-Term Liabilities Outstanding | 359,232 | 204,123 | 40,351 | 42,784 | 399,583 | 246,907 |
| Total liabilities | 372,638 | 217,132 | 40,771 | 42,995 | 413,410 | 260,127 |
| Advance Tax Collections | 123 | - | - | - | 123 | - |
| Total deferred inflows of resources | 123 | - | - | - | 123 | - |
| Net Position | | | | | | |
| Net investment in capital assets | 82,429 | 58,172 | 18,134 | 19,149 | 100,563 | 77,321 |
| Restricted | 2,793 | 2,527 | - | - | 2,793 | 2,527 |
| Unrestricted | (69,279) | (37,138) | 6,094 | 6,710 | (63,185) | (30,428) |
| Total net position | \$ 15,943 | \$ 23,561 | \$ 24,227 | \$ 25,859 | \$ 40,171 | \$ 49,420 |

Net position of the Town's governmental activities decreased by 32.3% (\$15.9 million compared to \$23.6 million the prior year). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(37.1 million) at June 30, 2013 to \$(69.3 million) at the end of this year.

Table 2
SUMMARY STATEMENT OF ACTIVITIES
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|------------------|--------------------------|-----------------|-------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 12,035 | \$ 10,301 | \$ 11,932 | \$ 11,998 | \$ 23,967 | \$ 22,299 |
| Operating grants and contributions | 42,140 | 41,710 | - | 348 | 42,140 | 42,058 |
| Capital grants and contributions | 4,813 | 3,206 | - | - | 4,813 | 3,206 |
| General revenues: | | | | | | |
| Property taxes | 158,477 | 156,673 | - | - | 158,477 | 156,673 |
| Grants and contributions not restricted to specific purposes | 1,750 | 6,152 | - | - | 1,750 | 6,152 |
| Unrestricted investment earnings | 349 | 209 | - | 23 | 349 | 232 |
| Miscellaneous | - | 1,695 | - | - | - | 1,695 |
| Total revenues | 219,563 | 219,946 | 11,932 | 12,369 | 231,496 | 232,315 |
| Program expenses: | | | | | | |
| General government | 30,840 | 38,354 | - | - | 30,840 | 38,354 |
| Human development | 8,518 | 8,852 | - | - | 8,518 | 8,852 |
| Physical development | 15,320 | 18,900 | - | - | 15,320 | 18,900 |
| Public safety | 35,654 | 24,111 | - | - | 35,654 | 24,111 |
| Education | 127,895 | 115,002 | - | - | 127,895 | 115,002 |
| Interest expense | 9,636 | 4,548 | - | - | 9,636 | 4,548 |
| Waste operating | - | - | 10,560 | 10,106 | 10,560 | 10,106 |
| Short Beach Golf Course | - | - | 1,906 | 1,682 | 1,906 | 1,682 |
| Miniature Golf Course | - | - | 390 | 532 | 390 | 532 |
| Emergency Medical Services | - | - | 28 | 11 | 28 | 11 |
| Total program expenses | 227,863 | 209,767 | 12,883 | 12,331 | 240,746 | 222,098 |
| Excess (deficiency) before transfers | (8,299) | 10,179 | (951) | 38 | (9,250) | 10,217 |
| Transfers | 681 | 600 | (681) | (600) | - | - |
| Change in net position | \$ (7,618) | \$ 10,779 | \$ (1,632) | \$ (562) | \$ (9,250) | \$ 10,217 |

The Town's total revenues were \$231.5 million. The total cost of all programs and services was \$240.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 68.5% of the revenues were derived from property taxes; the remaining 31.5% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$1.8 million over the prior year. Current tax collections totaled \$152.8 million or 97.5% of the levy. Arrears taxes and interest collected was \$4.1 million. Unrestricted investment earnings were \$0.1 million more than the prior year.
- Operating grants for governmental activities increased by \$.4 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$21.9 million of the Operating grants total.

Governmental expenses increased \$18.1 million to \$227.9 million with no major new programs added this year. These increases consisted of \$5.1 million in interest expense and \$11.6 million in education expense.

Table 3 presents the cost of each of the Town's five largest programs - education, public safety, physical development, administration and human development - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)**

| | Total Cost of Services | | Net Cost of Services | |
|----------------------|------------------------|-------------------|----------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| General Government | \$ 30,840 | \$ 38,354 | \$ 28,602 | \$ 36,358 |
| Public Safety | 35,654 | 24,111 | 33,547 | 22,598 |
| Physical Development | 15,320 | 18,900 | 7,916 | 13,959 |
| Education | 127,895 | 115,002 | 86,102 | 74,136 |
| Human Development | 8,518 | 8,852 | 3,072 | 3,034 |
| All Others | 9,636 | 4,548 | 9,636 | 4,464 |
| Total | \$ 227,863 | \$ 209,767 | \$ 168,875 | \$ 154,549 |

Business-Type Activities

Business-type activities decreased the Town's net position by \$1.6 million. The key factors were a smaller than recommended increase in user rate and an increase in operating expenses in the Waste Operating Fund.

Town Funds Financial Analysis

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned 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 Town's governmental funds reported combined ending fund balances of \$22.2 million, a decrease of \$12.1 million in comparison with the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$10.4 million. Of this total fund balance, \$.5 million is assigned for encumbrances.

The fund balance of the Town's General Fund decreased by \$.8 million during the current fiscal year. Key factors affecting the General Fund are as follows:

- Claim settlement in FY14 of \$1.5 million with insurance covering \$1 million of the settlement.
- Increased in total revenues of \$1.7 million is offset by increased in employee benefits, education and debt service principal payments.

The Capital Projects Fund has a fund balance of \$2.3 million at the end of the year, a decrease of \$16 million from the prior year. Major projects are as follows:

- The Victoria Soto School Project of \$2.5 million.
- Road Resurfacing and street improvement of \$4 million.
- School Improvements and Security Projects have expenditures of \$5.5 million.
- Barnum Ave Streetscape Project has expenditures of \$.9 million.
- Capital equipment purchases for public works, police and fire of \$3.7 million.
- Municipal building improvements of \$11.1 million
- Recreation facilities and fields of \$1.8 million.

Other non-major governmental funds have a total fund balance of \$11.3 million, a decrease of \$1.2 million from the prior year.

Proprietary Funds

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

Overall proprietary funds net position total \$24 million at the end of 2014, increasing by \$.4 million from the previous year.

Net position of the Waste Operating Fund at the end of the year is \$22.3 million, 92.9% of total net position of the proprietary funds. Net position of the EMS Fund at the end of the year is \$2.4million, 10% of the total net position of the proprietary funds. Other non-major activities have net position of \$(.456) million or (1.9%) of the total net position. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type Activities.

General Fund Budgetary Highlights

During the year, revenues were over budgetary estimates by \$1.8 million and expenditures were over budgetary estimates by \$1.7 million.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2014 amounted to \$167.3 million and \$58.2 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was \$4.1 million.

**TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 13,072 | \$ 12,927 | \$ - | \$ - | \$ 13,072 | \$ 12,927 |
| Land Improvements | 10,455 | 8,627 | 130 | 134 | 10,585 | 8,761 |
| Buildings and Improvements | 93,006 | 93,703 | 47,640 | 51,092 | 140,646 | 144,795 |
| Infrastructure | 27,411 | 23,777 | 8,137 | 8,385 | 35,548 | 32,162 |
| Machinery and Equipment | 14,591 | 12,408 | 2,311 | 2,080 | 16,902 | 14,488 |
| Construction in Progress | 8,810 | 8,352 | - | - | 8,810 | 8,352 |
| Total | \$ 167,345 | \$ 159,794 | \$ 58,218 | \$ 61,691 | \$ 225,563 | \$ 221,485 |

This year's major additions included (in millions):

- Various school improvements/safety/maintenance - \$3.0
- Road resurfacing/reconstruction - \$3.7
- Purchase of Capital Equipment for Public Works, Police & Fire - \$2.0
- Victoria Soto School Project - \$2.5
- Barnum Ave Streetscape Project - \$.9
- Fire Engine Replacement - \$.8
- EMS equipment and ambulance - \$.4
- Parks improvement/playground renovations - \$.9
- Municipal building improvements - \$.9

The Town's fiscal-year 2014-15 capital plans call for spending another \$15.4 million for capital projects, principally for the following (in millions):

- Various school improvements/safety/maintenance - \$3.3
- Road resurfacing/reconstruction and Sewers - \$4
- Purchase of Capital Equipment for Public Works, Police & Fire - \$3.5
- Municipal Buildings repairs/maintenance - \$1.6
- Parks improvements/playground renovations - \$0.5

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2014 the Town had \$327.2 million in bonds and notes outstanding versus \$179.3 million last year, an increase of 82.5% as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General Obligation Bonds | \$ 287,214 | \$ 136,814 | \$ 2,086 | \$ 2,118 | \$ 289,301 | \$ 138,932 |
| Capital Leases | 1,214 | 1,841 | 51 | 82 | 1,265 | 1,923 |
| Notes Payable | - | - | 37,983 | 40,342 | 37,983 | 40,342 |
| Total | \$ 288,428 | \$ 138,655 | \$ 40,121 | \$ 42,542 | \$ 328,549 | \$ 181,197 |

On October 29, 2013 the Town issued \$162,690,000 in Taxable General Obligation Pension Bonds (the "2013 Pension Bond Issue") to fund a portion of the unfunded actuarial accrued liability of its retirement plan thereby increasing the plan's funded ratio to approximately eighty-five percent (85%). The Town also issued \$16,660,000 of general obligation refunding bonds during October 2013.

The Town and its Water Pollution Control Authority maintain an "AA" rating from Standard & Poor's and an "A1" rating from Moody's for general obligation debt. The Town provides the rating agencies with ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior years' tax collections. The current debt limitation for the Town amounts to \$1,098.9 million, significantly more than the Town's outstanding general obligation debt.

More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Inflationary trends in the region are comparable to national indices.
- The Town's annual average unemployment rate was 8.5% for calendar year 2013, down from 9.1% in 2012. This rate compares to the State's annual average unemployment rate of 7.9% and the US rate of 7.4%.

All of these factors were considered in preparing the Town's budget for FY2014-2015.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$.1 million to \$9.6 million. In the FY2014-15 budget the Town has not appropriated any of this amount for spending.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax and other funding it receives. The report is available on the Town website: www.townofstratford.com. If you have questions about this report or need additional financial information, contact the Finance Director, Town of Stratford, 2725 Main Street, Stratford, Connecticut 06615.

Basic Financial Statements

Statement of Net Position
June 30, 2014

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 35,125,319 | \$ 5,740,414 | \$ 40,865,733 |
| Investments | 1,797,674 | - | 1,797,674 |
| Receivables, net | 15,851,230 | 2,054,515 | 17,905,745 |
| Internal Balances | 505,721 | (505,721) | - |
| Inventory | 116,755 | 38,054 | 154,809 |
| Advance to other funds | 582,512 | (582,512) | - |
| Net Pension Asset | 164,137,080 | - | 164,137,080 |
| Capital Assets | | | |
| Assets not being depreciated | 21,882,365 | - | 21,882,365 |
| Assets being depreciated, net | 145,462,716 | 58,217,833 | 203,680,549 |
| Total assets | 385,461,372 | 64,962,583 | 450,423,955 |
| Deferred Outflows of Resources | | | |
| Deferred charges on refundings | 3,242,609 | 36,349 | 3,278,958 |
| Liabilities | | | |
| Accounts and Other Payables | 7,215,246 | 413,376 | 7,628,622 |
| Accrued Liabilities | 5,494,845 | - | 5,494,845 |
| Unearned Revenue | 695,798 | 6,996 | 702,794 |
| Noncurrent Liabilities | | | |
| Due within one year | 24,041,978 | 2,636,366 | 26,678,344 |
| Due in more than one year | 335,190,179 | 37,714,754 | 372,904,933 |
| Total liabilities | 372,638,046 | 40,771,492 | 413,409,538 |
| Deferred Inflows of Resources | | | |
| Unavailable resources- advanced tax collections | 122,570 | - | 122,570 |
| Net Position | | | |
| Net Investment in Capital Assets | 82,428,897 | 18,133,621 | 100,562,518 |
| Restricted For: | | | |
| Nonexpendable trust | 2,793,029 | - | 2,793,029 |
| Unrestricted (Deficit) | (69,278,561) | 6,093,819 | (63,184,742) |
| Total net position | \$ 15,943,365 | \$ 24,227,440 | \$ 40,170,805 |

See Notes to Financial Statements.

Statement of Activities
For the Year Ended June 30, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ (30,839,974) | \$ 2,237,984 | \$ - | \$ - | \$ (28,601,990) | \$ - | \$ (28,601,990) |
| Human development | (8,517,861) | 3,907,047 | 1,538,900 | - | (3,071,914) | - | (3,071,914) |
| Physical development | (15,319,865) | 1,809,892 | 1,395,935 | 4,197,542 | (7,916,496) | - | (7,916,496) |
| Public safety | (35,653,713) | 1,411,668 | 79,414 | 615,396 | (33,547,235) | - | (33,547,235) |
| Education | (127,895,252) | 2,668,015 | 39,125,489 | - | (86,101,748) | - | (86,101,748) |
| Debt service | (9,636,093) | - | - | - | (9,636,093) | - | (9,636,093) |
| Total governmental activities | (227,862,758) | 12,034,606 | 42,139,738 | 4,812,938 | (168,875,476) | - | (168,875,476) |
| Business-type activities: | | | | | | | |
| Waste Operating | (10,559,715) | 9,875,791 | - | - | - | (683,924) | (683,924) |
| Emergency Medical Services | (1,905,860) | 1,851,406 | - | - | - | (54,454) | (54,454) |
| Short Beach Golf Course | (390,008) | 205,116 | - | - | - | (184,892) | (184,892) |
| Miniature Golf Course | (27,669) | - | - | - | - | (27,669) | (27,669) |
| Total business-type activities | (12,883,252) | 11,932,313 | - | - | - | (950,939) | (950,939) |
| Total | \$ (240,746,010) | \$ 23,966,919 | \$ 42,139,738 | \$ 4,812,938 | (168,875,476) | (950,939) | (169,826,415) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 158,477,096 | - | 158,477,096 |
| Grants and contributions not restricted to specific programs | | | | | 1,750,237 | - | 1,750,237 |
| Unrestricted investment earnings | | | | | 348,662 | 12 | 348,674 |
| Transfers | | | | | 681,462 | (681,462) | - |
| Total general revenues and transfers | | | | | 161,257,457 | (681,450) | 160,576,007 |
| Change in net position | | | | | (7,618,019) | (1,632,389) | (9,250,408) |
| Net position - beginning | | | | | 23,561,384 | 25,859,829 | 49,421,213 |
| Net position - ending | | | | | \$ 15,943,365 | \$ 24,227,440 | \$ 40,170,805 |

See Notes to Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2014

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 32,934,347 | \$ - | \$ 2,190,972 | \$ 35,125,319 |
| Investments | - | - | 1,797,674 | 1,797,674 |
| Receivables, net (Note 3) | 13,799,343 | 1,093,364 | 876,182 | 15,768,889 |
| Inventories and prepaids | 87,300 | - | 29,455 | 116,755 |
| Advance to other funds | 582,512 | - | - | 582,512 |
| Due from other funds | 7,695,085 | 5,979,372 | 6,864,881 | 20,539,338 |
| Total assets | \$ 55,098,587 | \$ 7,072,736 | \$ 11,759,164 | \$ 73,930,487 |
| Liabilities | | | | |
| Accounts Payable | \$ 2,051,064 | \$ 3,844,499 | \$ 1,318,737 | \$ 7,214,300 |
| Accrued Liabilities | 1,121,068 | - | - | 1,121,068 |
| Unearned revenues | - | - | 695,798 | 695,798 |
| Due to Other Funds | 28,706,923 | - | 5,238 | 28,712,161 |
| Total liabilities | 31,879,055 | 3,844,499 | 2,019,773 | 37,743,327 |
| Deferred Inflows of Resources | | | | |
| Unavailable resources | 12,693,504 | 895,452 | 314,420 | 13,903,376 |
| Advance property tax collections | 122,570 | - | - | 122,570 |
| | 12,816,074 | 895,452 | 314,420 | 14,025,946 |
| Fund Balances | | | | |
| Nonspendable | \$ 669,812 | \$ - | \$ 29,455 | 699,267 |
| Restricted | 115,669 | - | 3,343,677 | 3,459,346 |
| Committed | - | 2,332,785 | 6,620,376 | 8,953,161 |
| Assigned | 612,143 | - | - | 612,143 |
| Unassigned (deficit) | 9,005,834 | - | (568,537) | 8,437,297 |
| Total fund balances | 10,403,458 | 2,332,785 | 9,424,971 | 22,161,214 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 55,098,587 | \$ 7,072,736 | \$ 11,759,164 | \$ 73,930,487 |

See Notes to Financial Statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2014**

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

| | |
|--|-----------------------------|
| Fund balances - total governmental funds (Exhibit III) | \$ 22,161,214 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | |
| Governmental capital assets | 336,954,712 |
| Less accumulated depreciation | <u>(169,609,631)</u> |
| Net capital assets | 167,345,081 |
| Net pension asset, not reported in governmental fund | 164,137,080 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: | |
| Property tax receivables greater than 60 days | 6,091,641 |
| Interest receivable on property taxes | 5,523,183 |
| Assessments receivable | 895,451 |
| Housing loans | 218,191 |
| Receivable from the State for school construction projects | 1,025,504 |
| Other intergovernmental receivables | 149,405 |
| Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position. | (2,251,060) |
| Long-term liabilities, including bonds payable, are not due and payable in the current periods and, therefore, are not reported in the funds: | |
| Bonds and notes payable | (283,583,628) |
| Bond premium | (3,630,831) |
| Capital lease | (1,213,633) |
| Interest payable on bonds and notes | (4,373,777) |
| Compensated absences | (6,515,165) |
| Landfill closure | (7,800,000) |
| OPEB obligation | (44,727,900) |
| Deferred charges on refunding | 3,242,609 |
| Claims and judgments | <u>(750,000)</u> |
| Net position of governmental activities (Exhibit I) | <u><u>\$ 15,943,365</u></u> |

See Notes to Financial Statements.

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

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Property taxes and assessments | \$ 157,303,762 | \$ 759,628 | \$ - | \$ 158,063,390 |
| State and federal governments | 40,821,397 | 525,689 | 7,925,743 | 49,272,829 |
| Charges for services | 2,379,774 | - | 3,065,573 | 5,445,347 |
| Licenses and permits | 656,852 | - | 418,898 | 1,075,750 |
| Investment income | 80,194 | - | 268,468 | 348,662 |
| Other | 5,125,511 | - | 387,999 | 5,513,510 |
| Total revenues | 206,367,490 | 1,285,317 | 12,066,681 | 219,719,488 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 4,247,382 | - | - | 4,247,382 |
| Contingency | 4,203,330 | - | - | 4,203,330 |
| Employee benefits | 181,535,096 | - | - | 181,535,096 |
| Finance | 2,219,124 | - | - | 2,219,124 |
| Human development | 5,397,413 | - | 1,977,222 | 7,374,635 |
| Physical development | 13,067,111 | - | 1,161,266 | 14,228,377 |
| Public safety | 23,689,623 | - | 99,187 | 23,788,810 |
| Education | 108,317,705 | - | 7,328,797 | 115,646,502 |
| Debt service: | | | | |
| Principal retirements | 16,672,086 | - | - | 16,672,086 |
| Interest and other charges | 5,811,588 | - | - | 5,811,588 |
| Capital outlay | 253,209 | 19,321,690 | 730,428 | 20,305,327 |
| Total expenditures | 365,413,667 | 19,321,690 | 11,296,900 | 396,032,257 |
| Excess (deficiency) of revenues over expenditures | (159,046,177) | (18,036,373) | 769,781 | (176,312,769) |
| Other Financing Sources (Uses) | | | | |
| Issuance of bonds | 162,690,000 | 446,821 | - | 163,136,821 |
| Proceeds from bond refunding | 16,418,000 | - | - | 16,418,000 |
| Payment to bond escrow agent | (18,138,960) | - | - | (18,138,960) |
| Premium on bond issuance | 1,904,535 | - | - | 1,904,535 |
| Proceeds from capital leases | 253,209 | - | - | 253,209 |
| Transfers in | 830,000 | 1,627,946 | 4,024,200 | 6,482,146 |
| Transfers out | (5,670,684) | - | (130,000) | (5,800,684) |
| Total other financing sources (uses) | 158,286,100 | 2,074,767 | 3,894,200 | 164,255,067 |
| Net change in fund balances | (760,077) | (15,961,606) | 4,663,981 | (12,057,702) |
| Fund Balances, beginning | 11,163,535 | 18,294,391 | 4,760,990 | 34,218,916 |
| Fund Balances, ending | \$ 10,403,458 | \$ 2,332,785 | \$ 9,424,971 | \$ 22,161,214 |

See Notes to Financial Statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
June 30, 2014**

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

Net change in fund balances - total governmental funds (Exhibit V) \$ (12,057,702)

Governmental funds report capital outlays as expenditures. In the statement of
activities, the cost of those assets is allocated over their estimated useful
lives and reported as depreciation expense:

| | |
|----------------------|-------------|
| Loss on disposal | (19,691) |
| Capital outlay | 15,546,460 |
| Depreciation expense | (7,975,370) |

In the statement of activities, only the gain on the sale of capital assets is reported.
However, in the governmental funds, the proceeds from the sale increase
financial resources. Thus the change in net position differs from the change in
fund balance by the cost of the assets sold.

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

| | |
|--|-----------|
| Change in property taxes collected after 60 days | 611,773 |
| Change in property tax interest | (175,962) |
| Change in assessments collected after 60 days | (22,104) |
| Change in housing loans collected after 60 days | (21,055) |
| Change in school building grant receipts collected after 60 days | (698,268) |
| Other grants collected after 60 days | 149,405 |

Change in net pension asset, not reported in governmental funds 149,584,137

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

| | |
|---------------------------------------|---------------|
| Proceeds from sale of bonds | (162,690,000) |
| Proceeds from sale of refunding bonds | (16,418,000) |
| Bond principal payments | 14,199,390 |
| Payment to bond escrow agent | 18,138,960 |
| Bond issuance costs | (441,801) |
| Premium from sale of refunding bonds | (1,904,535) |
| Proceeds from capital lease | (253,209) |
| Capital lease payments | 880,282 |

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

| | |
|---|-------------|
| Landfill monitoring closure and postclosure costs | 4,200,000 |
| Compensated absences | (751,195) |
| Accrued interest | (2,673,463) |
| OPEB obligation | (6,638,400) |
| Amortization of deferred amount on refunding | 1,439,177 |
| Amortization of bond premiums | 324,278 |

Internal service funds are used by management to charge costs to individual
funds. The net revenue of certain activities of internal service funds is
reported with governmental activities.

48,874

Change in net position of governmental activities (Exhibit II)

\$ (7,618,019)

See Notes to Financial Statements.

Statement of Net Position (Deficit) - Proprietary Funds
June 30, 2014

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|--------------------------------------|---|----------------------------------|----------------------------|----------------------|----------------------------|
| | Waste Operating Fund | Emergency Medical Services | Other Nonmajor Funds | Totals | Internal Service Funds |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 22,364 | \$ 5,718,050 | \$ - | \$ 5,740,414 | \$ - |
| Receivables: | | | | | |
| Accounts and other | - | 413,685 | - | 413,685 | 82,341 |
| Sewer usage receivable | 1,640,830 | - | - | 1,640,830 | - |
| Due from other funds | 4,118,072 | 32,644 | - | 4,150,716 | 10,693,359 |
| Other assets | 38,054 | - | - | 38,054 | - |
| Total current assets | 5,819,320 | 6,164,379 | - | 11,983,699 | 10,775,700 |
| Capital Assets | | | | | |
| Assets being depreciated, net | 55,353,672 | 2,671,164 | 192,997 | 58,217,833 | - |
| Total capital assets | 55,353,672 | 2,671,164 | 192,997 | 58,217,833 | - |
| Total assets | 61,172,992 | 8,835,543 | 192,997 | 70,201,532 | 10,775,700 |
| Deferred outflow of resources | | | | | |
| Deferred amounts on refunding | - | 36,349 | - | 36,349 | - |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 283,080 | 110,615 | 19,681 | 413,376 | 945 |
| Unearned revenue | 4,686 | - | 2,310 | 6,996 | - |
| Due to other funds | - | 4,656,437 | - | 4,656,437 | 2,014,815 |
| Risk management claims | - | - | - | - | 1,382,000 |
| Bonds payable | 30,122 | 105,000 | - | 135,122 | - |
| Serial and notes payable | 2,281,303 | - | - | 2,281,303 | - |
| Capital lease | - | 4,941 | - | 4,941 | - |
| Compensated absences | 86,371 | 87,140 | 41,525 | 215,036 | - |
| Total current liabilities | 2,685,562 | 4,964,133 | 63,516 | 7,713,211 | 3,397,760 |
| Noncurrent Liabilities | | | | | |
| Advance from other funds | - | - | 582,512 | 582,512 | - |
| Bonds payable | 459,365 | 1,491,750 | - | 1,951,115 | - |
| Serial notes payable | 35,701,672 | - | - | 35,701,672 | - |
| Capital lease | 34,642 | 11,766 | - | 46,408 | - |
| Risk management claims | - | - | - | - | 9,629,000 |
| Compensated absences | 6,251 | 6,247 | 3,025 | 15,523 | - |
| Total noncurrent liabilities | 36,201,930 | 1,509,763 | 585,537 | 38,297,230 | 9,629,000 |
| Total liabilities | 38,887,492 | 6,473,896 | 649,053 | 46,010,441 | 13,026,760 |
| Net Position (Deficit) | | | | | |
| Net investment in capital assets | 16,846,568 | 1,057,707 | 192,997 | 18,097,272 | - |
| Unrestricted (deficit) | 5,438,932 | 1,340,289 | (649,053) | 6,130,168 | (2,251,060) |
| Total net position (deficit) | \$ 22,285,500 | \$ 2,397,996 | \$ (456,056) | \$ 24,227,440 | \$ (2,251,060) |

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds
For the Year Ended June 30, 2014**

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|----------------------------------|----------------------------|--------------------|----------------------------|
| | Waste Operating Funds | Emergency Medical Services | Other Nonmajor Funds | Totals | Internal Service Funds |
| Operating Revenues | | | | | |
| Charges for services | \$ 9,875,791 | \$ 1,851,406 | \$ 205,116 | \$ 11,932,313 | \$ 9,565,841 |
| Total operating revenues | 9,875,791 | 1,851,406 | 205,116 | 11,932,313 | 9,565,841 |
| Operating Expenses | | | | | |
| Claims | - | - | - | - | 9,516,967 |
| Operating and maintenance | 6,091,832 | 1,584,661 | 401,774 | 8,078,267 | - |
| Depreciation | 3,666,939 | 240,036 | 15,903 | 3,922,878 | - |
| Total operating expenses | 9,758,771 | 1,824,697 | 417,677 | 12,001,145 | 9,516,967 |
| Operating income (loss) | 117,020 | 26,709 | (212,561) | (68,832) | 48,874 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income | 12 | - | - | 12 | - |
| Interest expense | (800,944) | (81,163) | - | (882,107) | - |
| Total nonoperating revenues (expenses) | (800,932) | (81,163) | - | (882,095) | - |
| Net (loss) income before transfers | (683,912) | (54,454) | (212,561) | (950,927) | 48,874 |
| Transfers In | - | - | 18,538 | 18,538 | - |
| Transfers Out | (300,000) | (400,000) | - | (700,000) | - |
| Change in net position (deficit) | (983,912) | (454,454) | (194,023) | (1,632,389) | 48,874 |
| Net Position (Deficit), beginning | 23,269,412 | 2,852,450 | (262,033) | 25,859,829 | (2,299,934) |
| Net Position (Deficit), ending | \$ 22,285,500 | \$ 2,397,996 | \$ (456,056) | \$ 24,227,440 | \$ (2,251,060) |

See Notes to Financial Statements.

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

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|----------------------------------|----------------------------|---------------------|----------------------------|
| | Waste Operating Funds | Emergency Medical Services | Other Nonmajor Funds | Totals | Internal Service Funds |
| Cash Flows from Operating Activities | | | | | |
| Cash received from customers and users | \$ 9,417,909 | \$ 1,946,370 | \$ 205,151 | \$ 11,569,430 | \$ 9,483,500 |
| Cash payments to suppliers | (3,725,553) | (539,487) | (144,858) | (4,409,898) | (7,168,409) |
| Cash payments to employees | (2,267,969) | (1,027,802) | (261,274) | (3,557,045) | - |
| Net receipts (payments) to/from other funds | 119,085 | 2,304,561 | (188,609) | 2,235,037 | (2,315,091) |
| Net cash provided by (used in) operating activities | 3,543,472 | 2,683,642 | (389,590) | 5,837,524 | - |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Advances to other funds | - | - | (805,404) | (805,404) | - |
| Transfers (to)/from other funds | (300,000) | (400,000) | 18,538 | (681,462) | - |
| Net cash provided by (used in) noncapital financing activities | (300,000) | (400,000) | (786,866) | (1,486,866) | - |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from bonds | - | 242,000 | - | 242,000 | - |
| Principal refunded | - | (249,536) | - | (249,536) | - |
| Principal payments on debt | (2,358,866) | (62,247) | - | (2,421,113) | - |
| Principal payments on capital lease | (24,231) | (4,656) | - | (28,887) | - |
| Interest paid on debt | (800,944) | (56,221) | - | (857,165) | - |
| Disposal of capital assets | - | - | 27,669 | 27,669 | - |
| Purchase of capital assets | (65,619) | (411,631) | - | (477,250) | - |
| Net cash provided by (used in) capital and related financing activities | (3,249,660) | (542,291) | 27,669 | (3,764,282) | - |
| Cash Flows from Investing Activities | | | | | |
| Interest revenues | 12 | - | - | 12 | - |
| Net cash provided by investing activities | 12 | - | - | 12 | - |
| Net increase (decrease) in cash and cash equivalents | (6,176) | 1,741,351 | (1,148,787) | 586,388 | - |
| Cash and Cash Equivalents | | | | | |
| Beginning | 28,540 | 3,976,699 | 1,148,787 | 5,154,026 | - |
| Ending | \$ 22,364 | \$ 5,718,050 | \$ - | \$ 5,740,414 | \$ - |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | |
| Operating income (loss) | \$ 117,020 | \$ 26,709 | \$ (212,561) | \$ (68,832) | \$ 48,874 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 3,666,939 | 240,036 | 15,903 | 3,922,878 | - |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable and deferred charges | (495,936) | 94,964 | 35 | (400,937) | (82,341) |
| (Increase) decrease in due from other funds | 1,343,924 | (31,827) | - | 1,312,097 | (3,155,216) |
| Increase (decrease) in accounts payable and accrued expenses | 136,364 | 17,372 | 2,434 | 156,170 | (45,149) |
| Increase (decrease) in risk management claim liability | - | - | - | - | 2,393,707 |
| Increase in unearned revenues | - | - | 14,481 | 14,481 | - |
| Increase (decrease) in due to other funds | (1,224,839) | 2,336,388 | (209,882) | 901,667 | 840,125 |
| Net cash provided by (used in) operating activities | \$ 3,543,472 | \$ 2,683,642 | \$ (389,590) | \$ 5,837,524 | \$ - |
| Supplemental Schedule of Noncash Financing Activities | | | | | |
| Amortization of gain on refunded debt | \$ - | \$ (3,462) | \$ - | \$ (3,462) | \$ - |
| Amortization of premium on refunded debt | \$ - | \$ 3,595 | \$ - | \$ 3,595 | \$ - |

See Notes to Financial Statements.

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

| | Pension Trust Funds | OPEB Trust Fund | Agency Funds |
|---------------------------------|------------------------|---------------------|---------------------|
| Assets | | | |
| Cash and Cash Equivalents | <u>\$ 13,133,802</u> | <u>\$ 50,478</u> | <u>\$ 1,046,477</u> |
| Investments, at fair value | | | |
| Common stock | 57,785,522 | - | - |
| Mutual funds - open end | 81,718,343 | 3,341,383 | - |
| Collective Trusts | 90,771,984 | - | - |
| Limited Partnerships | 16,395,371 | - | - |
| Total investments | <u>246,671,220</u> | <u>3,341,383</u> | <u>-</u> |
| Total assets | <u>259,805,022</u> | <u>3,391,861</u> | <u>\$ 1,046,477</u> |
| Liabilities | | | |
| Due to Students and Others | <u>-</u> | <u>-</u> | <u>\$ 1,046,477</u> |
| Net Position | | | |
| Restricted for Pension Benefits | 259,805,022 | - | |
| Restricted for OPEB Benefits | - | 3,391,861 | |
| Total net position | <u>\$ 259,805,022</u> | <u>\$ 3,391,861</u> | |

See Notes to Financial Statements.

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

| | Pension Trust Funds | OPEB Trust Fund |
|--|------------------------|-----------------------|
| Additions | | |
| Contributions: | | |
| Plan members | \$ 1,682,777 | \$ - |
| Employer | 162,209,000 | 7,076,900 |
| Total contributions | <u>163,891,777</u> | <u>7,076,900</u> |
| Investment income: | | |
| Net appreciation in fair market value of investments | 25,130,961 | 459,724 |
| Interest and dividends | 1,622,793 | 59,780 |
| | <u>26,753,754</u> | <u>519,504</u> |
| Less investment expenses: | | |
| Investment fee | (350,955) | - |
| Net investment income | <u>26,402,799</u> | <u>519,504</u> |
| Total additions | <u>190,294,576</u> | <u>7,596,404</u> |
| Deductions | | |
| Benefits | 20,286,007 | 7,026,900 |
| Other | 308,475 | - |
| Total deductions | <u>20,594,482</u> | <u>7,026,900</u> |
| Change in net position | 169,700,094 | 569,504 |
| Net Position - Restricted for Benefits | | |
| Beginning of year | <u>90,104,928</u> | <u>2,822,357</u> |
| End of year | <u>\$ 259,805,022</u> | <u>\$ 3,391,861</u> |

See Notes to Financial Statements.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity: The Town was founded in 1639. The Town covers an area of 18.7 square miles and is located on Long Island Sound, 65 miles east of New York City and 50 miles southwest of Hartford, Connecticut. The Town has operated under a Council/Manager form of government since 1921. Effective December 12, 2005, the Town became a Mayor-Council form of government.

The Town 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 principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100, have been considered, and, as a result, there are no agencies or entities that should be but are not included in the financial statements of the Town.

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

The Town adopted *GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, issued in June 2012, which became effective for the Town as of July 1, 2013. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *Statement No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of *Statements 25 and 50* remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did result in significant new disclosures (Note 12).

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

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. 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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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. However, agency funds, unlike other fiduciary funds, report only assets and liabilities, do not have a measurement focus and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences and claims and judgments, as well as landfill closure and post-closure costs, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the proceeds of specific general obligation bonds for various projects to further develop the Town.

The Town reports the following major proprietary funds:

The *Waste Operating Fund* accounts for the operations at the Stratford Water Pollution Control Authority.

The *Emergency Medical Services Fund* accounts for the operation of ambulance services.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for the Town's health benefit and workers compensation costs.

The *Pension Trust Funds* account for the activities of the Town's defined benefit and defined contribution pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* accounts for the activities of the Stratford non-pension postemployment benefits for certain retirees and their beneficiaries.

The *Agency Fund* is used to account for assets held by the Town in an agent capacity for individuals, private organizations or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 proprietary funds are charges to customers for sales and services. Operating expenses for the funds include the cost of operations and maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

Deposits and Investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value, based on quoted market prices.

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Interfunds: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business- type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not expendable available financial resources.

Property Taxes: Property taxes are assessed as of October 1 and are levied for and due on the following July 1. Taxes are due in two installments on July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1. Liens are recorded during the month of April.

Inventories and Prepaid Items: All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets: Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund 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 asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| Assets | Years |
|-------------------------------------|-------|
| Buildings | 50 |
| Building Improvements | 20 |
| Distribution and Collection Systems | 50-65 |
| Public Domain Infrastructure | 50 |
| System Infrastructure | 30 |
| Machinery and Equipment | 5-20 |

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt principal payments are reported as debt service expenditures.

Compensated Absences: Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

Fund Equity: Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted: Net position is restricted because restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable fund balance: This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted fund balance: These amounts are restricted because restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Stratford Town Council). A commitment of fund balance and any subsequent modification or rescission requires a resolution of the Stratford Town Council.

Assigned fund balance: For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted, committed or nonspendable. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose by the Town of Stratford Town Council. Under the Town’s adopted policy, the Town Council has the authority to authorize the Director of Finance to assign amounts for a specific purpose.

Unassigned fund balance: This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

Note 2. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles.

Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits:

Deposit custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$56,046,940 of the Town's bank balance of \$58,048,835 was exposed to custodial credit risk as follows:

| | |
|--|------------------------------------|
| Uninsured and Uncollateralized | \$ 50,442,256 |
| Uninsured and Collateral Held by the Pledging Bank's Trust Department, not in the Town's name | <u>5,604,694</u> |
| Total amount subject to custodial credit risk | <u><u>\$ 56,046,950</u></u> |

Cash Equivalents: Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2014, the Town's cash equivalents amounted to \$1,166,976. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

| | <u>Standard & Poor's</u> |
|---|----------------------------------|
| Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus | AAAm |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2014:

Cash and Cash Equivalents

| | |
|--|-------------------|
| Deposits with financial institutions | \$ 55,096,490 |
| Total cash and cash equivalents | <u>55,096,490</u> |

Investments

| | |
|------------------------------|------------------|
| Permanent Funds: | |
| Common stock | 1,297,934 |
| Mutual funds | 499,740 |
| Total permanent funds | <u>1,797,674</u> |

| | |
|----------------------------------|--------------------|
| Pension Trust Funds: | |
| Common stock | 57,785,522 |
| Mutual funds | 81,718,343 |
| Collective Trusts | 90,771,984 |
| Limited Partnerships | 16,395,371 |
| Total pension investments | <u>246,671,220</u> |

| | |
|------------------------------|------------------|
| Private Purpose Trust Funds: | |
| Mutual funds | <u>3,341,383</u> |

| | |
|--------------------------|--------------------|
| Total investments | <u>251,810,277</u> |
|--------------------------|--------------------|

| | |
|---|------------------------------|
| Total cash, cash equivalents and investments | <u><u>\$ 306,906,767</u></u> |
|---|------------------------------|

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 40,865,733 |
| Investments | 1,797,674 |
| | <u>42,663,407</u> |

Fiduciary Funds:

| | |
|---------------------------|--------------------|
| Cash and cash equivalents | 14,230,757 |
| Investments | 250,012,603 |
| | <u>264,243,360</u> |

| | |
|---|------------------------------|
| Total cash, cash equivalents and investments | <u><u>\$ 306,906,767</u></u> |
|---|------------------------------|

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

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

Information about the exposure of the Town's debt type investments, majority of which relates to the Town's Pension and Private Purpose Trust Funds, to this risk using the segmented time distribution model is as follows:

| Type of Investment | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------|----------------------|----------------------------------|----------------------|----------------------|----------------------|
| | | Less Than 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
| Fixed income-mutual funds | \$ 85,559,466 | \$ 3,312,112 | \$ 47,241,682 | \$ 11,890,113 | \$ 23,115,559 |
| Total | \$ 85,559,466 | \$ 3,312,112 | \$ 47,241,682 | \$ 11,890,113 | \$ 23,115,559 |

Credit risk - investments: As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of credit risk: The Town's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Presented below is the actual credit rating by Standard and Poor's as required for each debt type instrument:

| Average Rating | Other Fixed Income Securities |
|----------------|-------------------------------|
| AAA | \$ 167,217 |
| AA | 10,257 |
| A | 73,803 |
| BBB | 114,164 |
| BB | 84,368 |
| B | 17,404 |
| Below B | 284 |
| Unrated | 85,091,969 |
| | \$ 85,559,466 |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 3. Receivables, Deferred Inflow of Resources and Unearned Revenue

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General | Capital Projects | Waste Operating | Emergency Medical Services | Nonmajor and Other Funds | Total |
|-----------------------------------|----------------------|---------------------|---------------------|----------------------------------|--------------------------------|----------------------|
| Receivables: | | | | | | |
| Taxes | \$ 13,107,982 | \$ - | \$ - | \$ - | \$ - | \$ 13,107,982 |
| Accounts and other | 315,857 | - | - | 574,975 | 713,157 | 1,603,989 |
| Special assessments | - | 927,449 | 1,640,830 | - | - | 2,568,279 |
| Intergovernmental | 1,025,504 | 165,915 | - | - | 245,366 | 1,436,785 |
| Gross receivables | 14,449,343 | 1,093,364 | 1,640,830 | 574,975 | 958,523 | 18,717,035 |
| Less allowance for uncollectibles | 650,000 | - | - | 161,290 | - | 811,290 |
| Net total receivables | \$ 13,799,343 | \$ 1,093,364 | \$ 1,640,830 | \$ 413,685 | \$ 958,523 | \$ 17,905,745 |

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

| | Unavailable | Unearned |
|---|----------------------|-------------------|
| Delinquent property taxes receivable | \$ 11,614,824 | \$ - |
| Advance tax collections | 122,570 | - |
| Special assessments not yet due | 895,452 | - |
| School building grants | 1,025,504 | - |
| Housing loans | 218,191 | - |
| Grant drawdowns and other revenues received prior to meeting all eligibility requirements | - | 671,576 |
| Other | 149,405 | 24,222 |
| Total | \$ 14,025,946 | \$ 695,798 |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

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

| | Beginning Balance | Increases/ Transfers | Transfers/ Decreases | Ending Balance |
|--|-----------------------|-------------------------|-------------------------|-----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,927,343 | \$ 144,872 | \$ - | \$ 13,072,215 |
| Construction in progress | 8,351,849 | 8,154,634 | (7,696,333) | 8,810,150 |
| Total capital assets, not being depreciated | 21,279,192 | 8,299,506 | (7,696,333) | 21,882,365 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 13,329,093 | 2,388,593 | - | 15,717,686 |
| Buildings and improvements | 152,034,759 | 3,096,461 | - | 155,131,220 |
| Machinery and equipment | 36,752,138 | 4,298,699 | (534,034) | 40,516,803 |
| Infrastructure | 98,547,104 | 5,159,534 | - | 103,706,638 |
| Total capital assets being depreciated | 300,663,094 | 14,943,287 | (534,034) | 315,072,347 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 4,701,806 | 561,048 | - | 5,262,854 |
| Buildings and improvements | 58,331,945 | 3,793,405 | - | 62,125,350 |
| Machinery and equipment | 24,344,022 | 2,096,167 | (514,343) | 25,925,846 |
| Infrastructure | 74,770,831 | 1,524,750 | - | 76,295,581 |
| Total accumulated depreciation | 162,148,604 | 7,975,370 | (514,343) | 169,609,631 |
| Total capital assets being depreciated, net | 138,514,490 | 6,967,917 | (19,691) | 145,462,716 |
| Governmental activities capital assets, net | \$ 159,793,682 | \$ 15,267,423 | \$ (7,716,024) | \$ 167,345,081 |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 4. Capital Assets (Continued)

| | Beginning Balance | Increases/ Transfers | Decreases/ Transfers | Ending Balance |
|--|----------------------|-------------------------|-------------------------|----------------------|
| Business-Type Activities | | | | |
| Capital assets, being depreciated: | | | | |
| Land improvements | \$ 2,404,777 | \$ - | \$ (225,000) | \$ 2,179,777 |
| Buildings and improvements | 71,553,047 | 35,635 | - | 71,588,682 |
| Machinery and equipment | 13,972,536 | 501,202 | (250,901) | 14,222,837 |
| Infrastructure | 21,547,499 | 54,600 | - | 21,602,099 |
| Total capital assets being depreciated | 109,477,859 | 591,437 | (475,901) | 109,593,395 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 2,270,587 | - | (221,213) | 2,049,374 |
| Buildings and improvements | 20,460,865 | 3,488,053 | - | 23,948,918 |
| Machinery and equipment | 11,892,674 | 156,139 | (136,716) | 11,912,097 |
| Infrastructure | 13,162,603 | 302,570 | - | 13,465,173 |
| Total accumulated depreciation | 47,786,729 | 3,946,762 | (357,929) | 51,375,562 |
| Total capital assets being depreciated, net | 61,691,130 | (3,355,325) | (117,972) | 58,217,833 |
| Business-type capital assets, net | \$ 61,691,130 | \$ (3,355,325) | \$ (117,972) | \$ 58,217,833 |

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

| | |
|--|---------------------|
| Governmental Activities | |
| General Government | \$ 422,082 |
| Human Development | 463,189 |
| Physical Development | 2,756,974 |
| Public Safety | 1,183,167 |
| Education | 3,149,958 |
| Total depreciation expense - governmental activities | \$ 7,975,370 |
| Business-Type Activities | |
| Waste Operating | \$ 3,666,939 |
| Short Beach Golf Course | 15,904 |
| Miniature Golf Course | 23,883 |
| Emergency Medical Services | 240,036 |
| Total depreciation expense - business-type activities | \$ 3,946,762 |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | Due From Other Funds | Due to Other Funds |
|--|-------------------------|-----------------------|
| General Fund | \$ 7,695,085 | \$ 28,706,923 |
| Nonmajor Governmental Funds | | |
| Community Development | - | 5,238 |
| Shellfish and Oysters | 68,501 | - |
| Railroad Property | 851,714 | - |
| Miscellaneous Grants | 129,697 | - |
| Recreation | 67,432 | - |
| Department of Children and Family Services | 152,663 | - |
| Counseling Center | 54,287 | - |
| Harbor Management | 144,171 | - |
| Recycling | 13,117 | - |
| Gas Pipeline | 463,647 | - |
| Town Aid Road | 144,807 | - |
| Senior Citizens | 63,936 | - |
| Redevelopment Agency | 418,074 | - |
| Sewer Maintenance | 35,576 | - |
| Reserve Fund | 370,659 | - |
| Debt Service Fund | 3,886,600 | - |
| Capital Projects Funds | 5,979,372 | - |
| Enterprise Funds | | |
| Waste Operating | 4,118,072 | - |
| Emergency Medical Services | 32,644 | 4,656,437 |
| Internal Service Fund | 10,693,359 | 2,014,815 |
| Total | <u>\$ 35,383,413</u> | <u>\$ 35,383,413</u> |

All cash is recorded in the General Fund. As a result, the balances above occur due to the use of pooled cash.

| | Advance to Other Funds | Advance from Other Funds |
|------------------------------|---------------------------|-----------------------------|
| General Fund | \$ 582,512 | \$ - |
| Short Beach Golf Course Fund | - | 582,512 |
| | <u>\$ 582,512</u> | <u>\$ 582,512</u> |

The advances amongst the funds relate to expenditures incurred due to the damage from Storm Sandy. The Short Beach Golf Course plans to repay funds with future revenues. None of the balance is scheduled to be collected in the subsequent year.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

| | General | Capital Projects | Transfers In Nonmajor Enterprise | Nonmajor Governmental | Total |
|-----------------------------|-------------------|---------------------|--|--------------------------|---------------------|
| Transfers Out | | | | | |
| General Fund | \$ - | \$ 1,627,946 | \$ 18,538 | \$ 4,024,200 | \$ 5,670,684 |
| Waste Operating Fund | 300,000 | - | - | - | 300,000 |
| EMS Fund | 400,000 | - | - | - | 400,000 |
| Nonmajor Governmental Funds | 130,000 | - | - | - | 130,000 |
| Total | \$ 830,000 | \$ 1,627,946 | \$ 18,538 | \$ 4,024,200 | \$ 6,500,684 |

All transfers are for regularly recurring operational transfers. These transfers represent revenue sources from the general fund and enterprise funds for capital improvement program, savings from pension contributions from the Pension Bond issuance set aside to pay future debt payments in the Debt Service Fund, and transfer of unrestricted revenue from enterprise funds and railroad to the General Fund to finance various programs in accordance with budget authorizations.

Note 6. Long-Term Debt

Changes in Long-Term Liabilities: Long-term liability activity for the year ended June 30, 2014 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|-----------------------|----------------------|-----------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds and notes | \$ 136,813,978 | \$ 179,108,000 | \$ 32,338,350 | \$ 283,583,628 | \$ 18,830,239 |
| Premium on general obligation bonds | 2,050,574 | 1,904,535 | 324,278 | 3,630,831 | - |
| Capital leases | 1,840,706 | 253,209 | 880,282 | 1,213,633 | 209,188 |
| Claims and judgments | 750,000 | - | - | 750,000 | - |
| Compensated absences | 5,763,970 | 3,292,120 | 2,540,925 | 6,515,165 | 2,540,000 |
| Landfill monitoring closure and postclosure costs | 12,000,000 | - | 4,200,000 | 7,800,000 | - |
| OPEB liability | 38,089,500 | 6,638,400 | - | 44,727,900 | - |
| Risk management | 8,617,293 | 5,265,972 | 2,872,265 | 11,011,000 | 2,462,551 |
| Governmental activities long-term liabilities | \$ 205,926,021 | \$ 196,462,236 | \$ 43,156,100 | \$ 359,232,157 | \$ 24,041,978 |
| Business-Type Activities | | | | | |
| General obligation bonds payable | 2,118,137 | 242,000 | 311,650 | 2,048,487 | 135,122 |
| Premium on general obligation bonds | 41,345 | - | 3,595 | 37,750 | - |
| Notes payable | 40,341,841 | - | 2,358,866 | 37,982,975 | 2,281,303 |
| Capital leases | 80,236 | - | 28,887 | 51,349 | 4,941 |
| Compensated absences | 242,537 | 193,467 | 205,445 | 230,559 | 215,000 |
| Business-type activities long-term liabilities | \$ 42,824,096 | \$ 435,467 | \$ 2,908,443 | \$ 40,351,120 | \$ 2,636,366 |

For the governmental activities, claims and judgments, compensated absences, landfill closure and postclosure costs, risk management and OPEB obligations are generally liquidated by the General Fund.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

As of June 30, 2014, the outstanding general obligation bonded indebtedness of the Town recorded in the governmental activities was as follows:

| | |
|--|------------------------------|
| School bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from July 2024 to December 2033 | \$ 27,826,300 |
| General obligation pension bonds with interest rates ranging from .5% to 5.037% and varying expiration dates from June 2018 to August 2038 | 192,825,000 |
| General obligation bonds with interest rates ranging from 2.0% - 5.125% and expiration dates from July 2024 to December 2033 | 55,209,700 |
| Energy bonds with interest rates of 3.24% and expiring on June 30, 2030 | <u>7,722,628</u> |
| Total | <u><u>\$ 283,583,628</u></u> |

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

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|----------------------------|------------------------------|------------------------------|------------------------------|
| 2015 | \$ 18,830,239 | \$ 11,510,210 | \$ 30,340,449 |
| 2016 | 18,936,239 | 11,123,684 | 30,059,923 |
| 2017 | 19,072,239 | 10,650,481 | 29,722,720 |
| 2018 | 19,847,239 | 10,084,900 | 29,932,139 |
| 2019 | 16,050,239 | 9,486,443 | 25,536,682 |
| 2020-2024 | 73,994,195 | 38,763,814 | 112,758,009 |
| 2025-2029 | 46,439,195 | 25,827,263 | 72,266,458 |
| 2030-2034 | 37,924,043 | 14,893,148 | 52,817,191 |
| 2035-2039 | 32,490,000 | 4,866,300 | 37,356,300 |
| Total | <u><u>\$ 283,583,628</u></u> | <u><u>\$ 137,206,243</u></u> | <u><u>\$ 420,789,871</u></u> |

The State of Connecticut reimburses the Town for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2014 was approximately \$541,000. Additional payments for bond principal aggregating approximately \$1.2 million are expected to be received through the bonds' maturity dates.

2013 General Obligation Refunding Bond - In-Substance Defeasance: On October 10, 2013, the Town issued \$16,660,000 of general obligation refunding bonds with an average interest rate of 4.5%, of which the proceeds were used to advance refund the outstanding principal of amounts of the general obligation bonds of the Town dated 2007, 2008, 2010A, 2010B Ref, 2010C Ref, 2010D, and 2012 (the "Refunding Bonds"). Net proceeds of 18,406,331 (after payment of expenses of \$186,282), was placed in an irrevocable trust under an Escrow Agreement dated October 2013 between the Town and Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$27,843, and a cash savings of \$632,090 between the old debt payments and the new debt payments.

The balance in escrow at June 30, 2014 was \$15,947,010. The balance of the defeased bonds was approximately \$15,130,000 at June 30, 2014. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Compensated Absences: Included in long-term liabilities is the estimated obligation for employee compensated absences that has not become due, aggregating \$6,515,165 as of June 30, 2014.

The liability for compensated absences will be funded from the General Fund and the Enterprise Funds.

Bond Authorizations: Bonds authorized but unissued at June 30, 2014 are as follows:

| | |
|-----------------|---------------|
| General purpose | \$ 23,502,000 |
| Schools | 83,443,000 |
| Sewers | 1,327,000 |

Business-Type Activities Obligations: At June 30, 2014, long-term debt in the Enterprise Funds consists of the following:

| | |
|--|-----------------------------|
| Energy bonds with interest rate of 3.24% and expiring on June 30, 2030 | \$ 489,487 |
| Emergency Management Facility bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from August 2022 to December 2027 | 1,559,000 |
| Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2030 | 37,982,975 |
| Total | <u><u>\$ 40,031,462</u></u> |

The annual debt service requirements of the business-type activities are as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|----------------------------|-----------------------------|----------------------------|-----------------------------|
| 2015 | \$ 2,416,425 | \$ 812,281 | \$ 3,228,706 |
| 2016 | 2,325,852 | 763,805 | 3,089,657 |
| 2017 | 2,369,091 | 715,485 | 3,084,576 |
| 2018 | 2,414,223 | 665,772 | 3,079,995 |
| 2019 | 2,502,266 | 613,584 | 3,115,850 |
| 2020-2024 | 13,272,157 | 2,235,630 | 15,507,787 |
| 2025-2029 | 13,772,550 | 804,278 | 14,576,828 |
| 2030 | 958,898 | 4,818 | 963,716 |
| Total | <u><u>\$ 40,031,462</u></u> | <u><u>\$ 6,615,653</u></u> | <u><u>\$ 46,647,115</u></u> |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

Debt Limitation: The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule (in thousands):

| Category | Debt Limit | Net Indebtedness | Balance |
|-----------------|------------|------------------|------------|
| General purpose | \$ 353,208 | \$ 87,993 | \$ 265,215 |
| Schools | 706,416 | 110,243 | 596,173 |
| Sewers | 588,680 | 39,800 | 548,880 |
| Urban renewal | 510,189 | - | 510,189 |
| Pension deficit | 470,944 | 192,825 | 278,119 |

The total overall statutory debt limit for the Town does not exceed the legal debt limitation that is equal to seven times annual receipts from taxation (\$1,098.9 million).

Capital Leases:

Governmental activities: The Town has entered into multi-year capital leases for the purchase of various capital items including energy efficiency improvements.

During 2014 the town made principal payments of \$880,283. The following is a summary of capital lease commitments as of June 30, 2014.

| Year Ending June 30 | Amount |
|---|---------------------|
| 2015 | \$ 235,631 |
| 2016 | 191,292 |
| 2017 | 166,158 |
| 2018 | 154,117 |
| 2019 | 154,063 |
| Thereafter | 424,953 |
| Total minimum lease payments | 1,326,214 |
| Less amount representing interest | (112,581) |
| Present value of minimum lease payments | <u>\$ 1,213,633</u> |

The assets acquired through capital leases are as follows:

| Year Ending June 30 | Amount |
|-------------------------------|----------------------------|
| Asset Class | |
| Building and Improvements | \$ 1,333,978 |
| Machinery and Equipment | 2,501,179 |
| Less accumulated depreciation | (1,042,837) |
| Net book value | <u><u>\$ 2,792,320</u></u> |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

Business-type activities: The WPCA and EMS has entered into multi-year capital leases for the purchase of various capital items including energy efficiency improvements.

During 2014 the WPCA and EMS fund made principal payments of \$28,887. The following is a summary of capital lease commitments as of June 30, 2014.

| <u>Year Ending June 30</u> | <u>Amount</u> |
|---|-------------------------|
| 2015 | \$ 6,464 |
| 2016 | 6,464 |
| 2017 | 7,498 |
| 2018 | 4,443 |
| 2019 | 5,281 |
| Thereafter | <u>26,934</u> |
| Total minimum lease payments | 57,084 |
| Less amount representing interest | <u>(5,735)</u> |
| Present value of minimum lease payments | <u><u>\$ 51,349</u></u> |

The assets acquired through capital leases are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|-------------------------------|--------------------------|
| Asset Class | |
| Building and improvements | \$ 104,051 |
| Machinery and equipment | 25,162 |
| Less accumulated depreciation | <u>(11,402)</u> |
| Net book value | <u><u>\$ 117,811</u></u> |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 7. Fund Balances

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

| | General Fund | Capital Projects | Nonmajor Governmental Funds | Total |
|---------------------------------------|----------------------|---------------------|-----------------------------------|----------------------|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventory | \$ - | \$ - | \$ 29,455 | \$ 29,455 |
| Prepays | 87,300 | - | - | 87,300 |
| Advances to other funds | 582,512 | - | - | 582,512 |
| Restricted for: | | | | |
| Grants | - | - | 138,260 | 138,260 |
| Education | - | - | 3,059,311 | 3,059,311 |
| Human development | - | - | 146,106 | 146,106 |
| Public safety | 115,669 | - | - | 115,669 |
| Committed to: | | | | |
| Human development | - | - | 1,308,320 | 1,308,320 |
| Physical development | - | - | 1,067,802 | 1,067,802 |
| Public safety | - | - | 357,654 | 357,654 |
| Capital projects | - | 2,332,785 | - | 2,332,785 |
| Debt Service | - | - | 3,886,600 | 3,886,600 |
| Assigned to: | | | | |
| General government- encumbrances | 24,886 | - | - | 24,886 |
| Physical development- encumbrances | 54,265 | - | - | 54,265 |
| Education encumbrances | 418,789 | - | - | 418,789 |
| Public safety | 17,954 | - | - | 17,954 |
| Human development | 34,455 | - | - | 34,455 |
| Dog fund | 61,794 | - | - | 61,794 |
| Unassigned | 9,005,834 | - | (568,537) | 8,437,297 |
| Total fund balances | \$ 10,403,458 | \$ 2,332,785 | \$ 9,424,971 | \$ 22,161,214 |

Significant encumbrances at June 30, 2014 are contained in the above table in both the assigned and committed categories

Deficit Fund Equity:

The Town has the following fund deficits at June 30, 2014:

| | |
|--------------------------|------------|
| School Lunch Program* | \$ 305,151 |
| Miscellaneous Grants* | 229,931 |
| Short Beach Golf Course* | 456,056 |
| Internal Service** | 2,251,060 |

* Deficit will be eliminated through future charges for services

** Deficit will be eliminated through future appropriations

Town of Stratford, Connecticut

Notes to Financial Statements

Note 8. Risk Management

The Town is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials and law enforcement; injuries to employees; and natural disasters. The Town purchases commercial property, boiler and machinery insurance for losses in excess of \$50,000 to the Town's real estate, third party liability insurance up to \$10,000,000 for claims above a \$1,000,000 self-insured retention. The Town is self-insured for its medical, dental, workers' compensation and heart and hypertension. The Town has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund. The Internal Service Fund services employee health and workers' compensation claims for risk of loss. Under the program, the Town is obligated for claim payments. The Town has purchased a stop loss policy for individual claims exceeding \$500,000 for hospital and major medical.

All departments of the Town participate in the program and make payments to the Internal Service Fund based on estimates of the amount needed to provide for normal occurrence of claims.

Claims and expenses and liabilities are reported when it is probable that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. Liabilities calculated by actuarial valuations include amounts for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

The Town is self-insured for workers' compensation and heart and hypertension benefits. The Town recognizes a liability for workers' compensation claims payable, additional estimated losses on claims, and for claims incurred but not reported based on actuarial analysis of claim history and for other self-insured claims that are probable of loss based on a case-by-case review.

Changes in the liabilities for self-insured risks are as follows:

| Fiscal Year | Claims Payable, July 1 | Current Year Claims and Changes in Estimates | Payment of Claims | Claims Payable, June 30 |
|-------------|------------------------|--|-------------------|-------------------------|
| 2013 | \$ 8,533,897 | \$ 7,816,812 | \$ 7,733,416 | \$ 8,617,293 |
| 2014 | 8,617,293 | 9,562,116 | 7,168,409 | 11,011,000 |

Note 9. Commitments and Contingencies

Lawsuits: There are several personal injury, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. The Town has recorded in the government-wide financial statements \$750,000 to cover claims not covered by insurance. At this time, the Town has determined that none of the claims outstanding are due within the next 12 months.

Municipal Solid Waste Service Agreement: The Town is one of twelve municipalities that has entered into a 2009 Successor Municipal Service Agreement (the "2009 MSA") with the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the "System"), including a solid waste disposal and processing facility (the "Facility") located in Bridgeport and operated by Wheelabrator Bridgeport L.P. ("Wheelabrator").

Town of Stratford, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies (Continued)

Each municipality which has signed such 2009 MSA (a "Participating Municipality") has agreed to deliver or cause to be delivered to the System all "Acceptable Waste," as defined in the 2009 MSA, generated within its boundaries. The 2009 MSA expired on June 30, 2014.

The Town has entered into a Greater Bridgeport Regional Solid Waste Interlocal Agreement ("Interlocal Agreement") which creates the Greater Bridgeport Regional Solid Waste Committee ("Operating Committee") as a public body comprised of various southwest Connecticut municipalities for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste after June 30, 2014. Wheelabrator agreed to contract terms of \$60.00 per ton up to 175,000 aggregate annual tonnage for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change, subject to an executable contract and Wheelabrator Board approvals.

Note 10. Other Post-Employment Benefits

Post-Employment Benefits:

Plan description and membership: The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The single-employer plan covers Town, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand alone financial statements for the plan. At July 1, 2012, plan membership consisted of the following:

| | |
|----------------------------|--------------|
| Active members | 1,040 |
| Retired members | 975 |
| Spouses of retired members | 380 |
| Total participants | 2,395 |

Funding policy: The Town has established an OPEB Trust Fund and makes contributions to the fund from various other fund types. This trust fund was opened for the purpose of segregating balances for post employment benefits. The contribution requirements of plan members and the Town are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Hall: Generally, retirees and their dependents are covered after 23 years of continuous service by the retiree and, if hired after July 1, 1977, age 50, or 5 years of service and age 55.

Medical Benefits:

Retire prior to July 1, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1986 and prior to signing of 1987-1990 collective bargaining agreement - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire after signing of 1987-1990 collective bargaining agreement - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

Retire before September 1, 1999 - \$5,000 until age 65.

Retire after September 1, 1999 - \$25,000 until age 70, \$5,000 thereafter.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Police: Generally, retirees and their dependents are covered after 25 years of service.

Medical Benefits:

Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$5,000 until age 65.

Firefighters: Generally, retirees and their dependents are covered after 25 years of service.

Medical Benefits:

Retire prior to July 1, 1987 - Benevolent Society pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1987 and prior to July 1, 1989 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after July 1, 1989 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Public Works: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after July 1, 1985, age 50, or 5 years of service and age 55.

Medical Benefits:

Retire prior to July 1, 1985 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1985 and prior to July 1, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1986 and prior to July 1, 1987 - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after July 1, 1987 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$5,000 until age 65.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Supervisors: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical Benefits:

Retire prior to July 2, 1985 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 2, 1985 and prior to March 31, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after April 1, 1986 and prior to September 4, 1987 - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after September 4, 1987 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

Retire after August 2, 1985, \$5,000 until age 65.

BOE Custodians: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$15,000.

BOE Nurses: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after July 1, 1977, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 50% of the cost for the retiree only.

BOE Administrators: Generally, an administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

Normal retirement for administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Medical and Dental Benefits:

Board pays 50% of the cost for the retiree only.

BOE Paraprofessional/Cafeteria Workers: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$7,000.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

BOE Secretaries: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$15,000.

BOE Teachers: Generally, a teacher retiring under the Connecticut State Teachers Retirement System shall be eligible to receive benefits for self and spouse at the earliest age of 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Medical and Dental Benefits

Board pays 50% of the cost for the retirees only.

Description of actuarial assumptions and methods: The following is a summary of certain significant actuarial assumptions and other plan information:

| | Town | Board of Education |
|--|-------------------------------|-------------------------------|
| Actuarial valuation date | July 1, 2012 | July 1, 2012 |
| Actuarial cost method | Projected Unit Credit Cost | Projected Unit Credit Cost |
| Amortization method | Level percent | Level percent |
| Remaining amortization period | 25 years-decreasing | 25 years-decreasing |
| Actuarial assumptions: | | |
| Investment rate of return | 6.75% | 6.75% |
| Medical inflation rate over 70 years for pre-65 | 7.20% to 4.70% | 7.20% to 4.70% |
| Medical inflation rate over 87 years for post-65 | 7.20% to 5.00% | 7.20% to 5.00% |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Annual OPEB cost and net OPEB obligations: The Town of Stratford's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

| | Town | Board of Education | Total |
|--|----------------------|-----------------------|----------------------|
| Annual required contribution (ARC) | \$ 8,202,800 | \$ 5,127,200 | \$ 13,330,000 |
| Interest on OPEB obligation | 1,513,500 | 1,057,500 | 2,571,000 |
| Adjustment to annual required contribution | (1,286,700) | (899,000) | (2,185,700) |
| Annual OPEB cost | 8,429,600 | 5,285,700 | 13,715,300 |
| Contributions made | 4,447,400 | 2,629,500 | 7,076,900 |
| Increase in net OPEB obligation | 3,982,200 | 2,656,200 | 6,638,400 |
| Net OPEB obligation, beginning of year | 22,422,500 | 15,667,000 | 38,089,500 |
| Net OPEB obligation, end of year | <u>\$ 26,404,700</u> | <u>\$ 18,323,200</u> | <u>\$ 44,727,900</u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2014 is presented below.

Town

| Fiscal Year Ended | Annual OPEB Cost (AOC) | Actual Contribution | Percentage of AOC Contributed | Net OPEB Obligation (Asset) |
|----------------------|------------------------------|------------------------|-------------------------------------|-----------------------------------|
| 6/30/2012 | \$ 6,752,700 | \$ 3,516,400 | 52.1% | \$ 19,123,300 |
| 6/30/2013 | 7,226,500 | 3,927,300 | 54.3% | 22,422,500 |
| 6/30/2014 | 8,429,600 | 4,447,400 | 52.8% | 26,404,700 |

Board of Education

| Fiscal Year Ended | Annual OPEB Cost (AOC) | Actual Contribution | Percentage of AOC Contributed | Net OPEB Obligation (Asset) |
|----------------------|------------------------------|------------------------|-------------------------------------|-----------------------------------|
| 6/30/2012 | \$ 4,577,000 | \$ 3,002,000 | 65.6% | \$ 13,883,400 |
| 6/30/2013 | 4,868,300 | 3,084,700 | 63.4% | 15,667,000 |
| 6/30/2014 | 5,285,700 | 2,629,500 | 49.7% | 18,323,200 |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

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 the 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 accrual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|---|--------------------------|---------------------------|---|
| <u>Town</u> | | | | | | |
| 7/1/2012 | 1,209,429 | 98,329,902 | 97,120,473 | 1.2% | N/A | N/A |
| <u>Board of Education</u> | | | | | | |
| 7/1/2012 | 862,158 | 56,342,736 | 55,480,578 | 1.5% | N/A | N/A |

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits.

Projections for 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 benefit cost 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.

Note 11. Landfill Closure and Post-Closure Monitoring

State and federal laws and regulations require that the Town place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The estimated total current cost of the landfill closure and post-closure care, aggregating approximately \$7.8 million, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfills as of June 30, 2014. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants. The Town is currently in discussions with the Department of Environmental Protection to develop and implement a superfund site plan, which needs to occur prior to the capping process. Therefore, there is no current portion of the liability reflected in the financial statements. Once an agreement is established the current portion will be reported.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans

Employee Defined Benefit Pension Plan:

Plan description: The Town is the administrator of a single-employer defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial reports as the Defined Benefit Pension Trust Fund. Stand-alone plan reports are not available.

As of July 1, 2013, the date of the most recent actuarial valuation, membership consisted of the following:

| | |
|------------------------------|------------|
| Retirees and Beneficiaries | |
| Currently receiving benefits | 630 |
| Vested, benefits deferred | 15 |
| Current Employees | |
| Active | 288 |
| Nonvested | |
| Suspended | 19 |
| Total | <u>952</u> |

The Town covers all full-time salaried Town employees, noncertified employees of the Board of Education and all full-time uniformed and investigative employees classified as Police Officers and Firefighters. The Town provides all retirement, death and disability benefits through a single employer, contributory, defined benefit plan. Under the plan, all employees are eligible to join after their probationary period.

Summary of significant accounting policies and plan asset matters: Basis of Accounting: Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are funded with investment earnings of the plan.

Method used to value investments: Investments are reported at fair value. Investment income is recognized when earned and gains and losses on sales or exchanges of investments are recognized on the transaction date. Unrealized gains and losses due to appreciation and depreciation of Plan assets are also recognized at fiscal year end.

Funding policy: The PERS is a contributory defined benefit plan. Participants in the State Teachers' Retirement System and officials elected by popular vote are excluded. Employees hired after age 45 are also excluded, but included in a separate defined contribution plan. Also, police and firefighters are included in a separate defined contribution annuity plan as well as the defined benefit plan.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Under the Town's defined benefit plan, all employees hired and working 20 hours or more per week are eligible. Employees are 100% vested after 10 years of service. The retirement benefit is calculated at 2.4% of average compensation during the 24 months immediately prior to retirement multiplied by up to 25 years of service. The calculation for service over 25 years varies by union contract. Employees are required to contribute 8% of their salaries to the defined benefit plan except for Police hired after October 17, 1996 who contribute 7%. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded. The Town is required to contribute the remaining amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the Town and may be amended only by the Town Council and Union negotiations.

Annual pension cost and net pension asset: The Town's annual pension cost and net pension asset at June 30, 2014 were as follows:

| | |
|---|--------------------------------|
| Annual required contribution (ARC) | \$ 12,720,477 |
| Interest on net pension obligation | (982,324) |
| Adjustment to annual required contribution | <u>886,710</u> |
| Annual pension cost | 12,624,863 |
| Contributions made | <u>162,209,000</u> |
| Increase in net pension obligation (asset) | (149,584,137) |
| Net pension obligation (asset), July 1, 2013 | <u>(14,552,943)</u> |
| Net pension obligation (asset), June 30, 2014 | <u><u>\$ (164,137,080)</u></u> |

The following is a summary of certain significant actuarial assumptions and other plan information:

| | |
|------------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Payroll, Closed |
| Remaining Amortization Period | 24 years |
| Asset Valuation Method | 5 Year Smoothed Market Value |
| Investment Rate of Return | 7.75% per annum |
| Retirement: | |
| Police | 25 years of continuous service |
| Fire | 25 years of continuous service |
| Board of Education and Supervisors | 23 years of continuous services and, if hired after 4/1/85, age 50, or 5 years of service and age 55. |
| Para-Professionals | 23 years of continuous services and, if hired after 4/1/85, age 50, or 5 years of service and age 55. |
| Public Works | 23 years of continuous service and, if hired after 7/1/85, age 50, or 5 years of service and age 55. |
| Town Hall and Nurses | 23 years of continuous service and, if hired after 7/1/77, age 50, or 5 years of service and age 55. |

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

| | |
|-----------------------------------|------------------------------------|
| Mortality Table | 1994 Group Annuity Mortality Table |
| Salary Increases | 3-6% per annum |
| Inflation Rate | 2.5% per annum |
| Post-Retirement Benefit Increases | 0.0% |

Trend information:

| Fiscal Year Ended | Annual Pension Cost (AOC) | Percentage of AOC Contributed | Net OPEB Obligation (Asset) |
|-------------------|---------------------------|-------------------------------|-----------------------------|
| 6/30/2012 | \$ 8,296,525 | 102.4% | \$ (14,860,574) |
| 6/30/2013 | 10,086,131 | 96.9% | (14,552,943) |
| 6/30/2014 | 12,624,863 | 1284.8% | (164,137,080) |

Pension plan schedule of funding progress as of most recent actuarial valuation:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---------------------------------------|------------------------------------|--------------------|---------------------|---|
| 7/1/2013 | 250,104,928 | 300,775,818 | 50,670,890 | 83.2% | 22,237,216 | 227.9% |

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

GASB 67:

Investments:

Investment policy: The Plan's policy in regards 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.

| Asset Class | Index | Target Allocation* | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|--|---------------------|---------------------------|--|---|
| Core Fixed Income | Barclays Aggregate | 34.00% | 2.20% | 1.95% |
| Large Cap US Equities | S&P 500 | 21.00% | 5.86% | 4.39% |
| Mid Cap US Equities | Russell Mid Caps | 10.00% | 6.63% | 4.49% |
| Small Cap US Equities | Russell 2000 | 10.00% | 7.64% | 4.63% |
| Developed Foreign Equities | MSCI EAFE | 10.00% | 6.29% | 4.39% |
| Real Estate (Property) | NCREIF/TBI Property | 10.00% | 4.43% | 3.66% |
| Commodities | DJ UBS | 5.00% | 4.57% | 2.93% |
| Assumed Inflation - Mean | | | 2.50% | 2.50% |
| Assumed Inflation - Standard Deviation | | | 2.00% | 2.00% |
| Portfolio Real Mean Return | | | 4.70% | 4.21% |
| Portfolio Nominal Mean Return | | | 7.23% | 6.71% |
| Portfolio Standard Deviation | | | 10.63% | 10.63% |
| Long-Term Expected Rate of Return | | | | 6.75% |

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.03 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

| Net Pension Liability | June 30, 2014 |
|---|----------------------|
| Total pension liability | \$ 303,648,102 |
| Fiduciary net position | 259,805,022 |
| Net pension liability | 43,843,080 |
| Fiduciary net position as a percentage of total pension liability | 85.56% |
| Covered payroll | 22,770,569 |
| Net pension liability as a percentage of covered payroll | 192.54% |

Actuarial Assumptions: 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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Discount Rate:

Discount Rate

| | |
|--|-------|
| Discount rate | 6.75% |
| Long-term expected rate of return, net of investment expense and including inflation | 6.75% |
| Municipal bond rate | N/A |

Other Key Actuarial Assumptions: The Plan has not had a formal actuarial experience study performed.

| | |
|--------------------------------------|--|
| Valuation date | July 1, 2013 |
| Measurement date | June 30, 2014 |
| Inflation | 2.25% |
| Salary increases including inflation | 4.0% |
| Mortality | RP-2000 Combined Healthy Mortality with generational projection per Scale AA |
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | 5 years, non-asymptotic recognition method |

Discount Rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Town will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis: The following table presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

| | 1% Decrease 5.75 | Current Discount Rate 6.75 | 1% Increase 7.75 |
|------------------------------|------------------------|----------------------------------|------------------------|
| Total pension liability | \$ 338,096,093 | \$ 303,648,102 | \$ 275,416,407 |
| Fiduciary net pension | 259,805,022 | 259,805,022 | 259,805,022 |
| Net pension liability | \$ 78,291,071 | \$ 43,843,080 | \$ 15,611,385 |

Defined Contribution Pension Plan: The Town administers a defined contribution pension plan that was opened to new members and contributions beginning in 1999. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are vested after five years of service with the Town and contribute between 6-8% annually, depending on the union. Plan investments are reported at fair value. The Town has no fiduciary responsibility over the assets of the Plan and therefore not included in the Town's financial statements. Benefits and contributions are established by the Town and may be amended by the Town Council and union negotiations. The Town's contribution for the fiscal years ended June 30, 2014 and 2013, were \$1,025,180 and \$910,802, respectively.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, Connecticut 06105.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town 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 \$11,880,000 for the year ended June 30, 2014.

Note 13. Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, with the exception of GASB 68, which will have a material impact on the government-wide financial presentations:

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

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

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

- **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment of GASB Statement No. 68.*** The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2014.

Note 14. Subsequent Event

In December 2014, the Town issued \$42,740,000 of General Obligation Bonds.

**Required Supplementary
Information- *unaudited***

Required Supplementary Information - unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual -
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|--------------------|--------------------|------------------------------|---|
| | Original | Final | | |
| Property Taxes | | | | |
| Current levy | \$ 153,738,190 | \$ 153,738,190 | \$ 153,829,270 | \$ 91,080 |
| Arrears | 1,950,000 | 1,950,000 | 2,131,826 | 181,826 |
| Interest and lien fees | 1,088,000 | 1,088,000 | 1,342,666 | 254,666 |
| Payment in lieu of taxes | 209,000 | 209,000 | 231,764 | 22,764 |
| Total property taxes | 156,985,190 | 156,985,190 | 157,535,526 | 550,336 |
| Intergovernmental Revenues | | | | |
| State: | | | | |
| Education equalization grant | 21,644,851 | 21,644,851 | 21,303,961 | (340,890) |
| School bond principal | 477,682 | 477,682 | 552,381 | 74,699 |
| School bond interest | 84,274 | 84,274 | 63,015 | (21,259) |
| Special education | 1,520,536 | 1,520,536 | 1,520,536 | - |
| Veterans' additional relief | 166,278 | 166,278 | 152,731 | (13,547) |
| In lieu of State property tax | - | - | 367,403 | 367,403 |
| Health and welfare | 83,530 | 83,530 | 88,356 | 4,826 |
| State disability exemption | 9,867 | 9,867 | 8,870 | (997) |
| Elderly exemption and circuit breaker | 580,000 | 580,000 | 545,668 | (34,332) |
| Elderly freeze | 10,000 | 10,000 | 6,127 | (3,873) |
| State transportation | - | - | 281,498 | 281,498 |
| State nonpublic transportation | 57,000 | 57,000 | 91,379 | 34,379 |
| State telephone 860178 | 119,600 | 119,600 | 124,638 | 5,038 |
| Municipal revenue sharing | 3,064,272 | 3,064,272 | 3,298,976 | 234,704 |
| Airplane registration | 51,000 | 51,000 | 48,535 | (2,465) |
| Mashantucket grant | - | - | 163,807 | 163,807 |
| Energy rebates | - | - | 12,338 | 12,338 |
| Total state | 27,868,890 | 27,868,890 | 28,630,219 | 761,329 |
| Federal: | | | | |
| Civil preparedness | 13,000 | 13,000 | - | (13,000) |
| Total federal | 13,000 | 13,000 | - | (13,000) |
| Total intergovernmental revenues | 27,881,890 | 27,881,890 | 28,630,219 | 748,329 |
| Departmental Revenues | | | | |
| Town Clerk | 737,200 | 737,200 | 809,814 | 72,614 |
| Police Department | 85,900 | 85,900 | 82,032 | (3,868) |
| Planning and Zoning | 157,500 | 157,500 | 94,972 | (62,528) |
| Health Department | 98,550 | 98,550 | 135,483 | 36,933 |
| Education | 184,100 | 184,100 | 277,594 | 93,494 |
| Public Works | 13,100 | 13,100 | 11,205 | (1,895) |
| Finance | 250,000 | 250,000 | 285,030 | 35,030 |
| Recreation | 142,750 | 142,750 | 142,697 | (53) |
| Sanitation | 155,000 | 155,000 | 361,125 | 206,125 |
| Inland Wetlands | 26,000 | 26,000 | 7,536 | (18,464) |
| Baldwin Center | 8,200 | 8,200 | 8,930 | 730 |
| Total departmental revenues | 1,858,300 | 1,858,300 | 2,216,418 | 358,118 |

(Continued)

Required Supplementary Information - unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|--------------------|--------------------|------------------------------|---|
| | Original | Final | | |
| Licenses and Permits | | | | |
| Building permits | \$ 400,000 | \$ 400,000 | \$ 577,410 | 177,410 |
| Boothe Memorial Park income | 36,000 | 36,000 | 28,548 | (7,452) |
| Building education training fee | 1,400 | 1,400 | 1,745 | 345 |
| Public Works licenses | 1,300 | 1,300 | 1,340 | 40 |
| Street and sewer permits | 20,000 | 20,000 | 21,120 | 1,120 |
| Total licenses and permits | 458,700 | 458,700 | 630,163 | 171,463 |
| Investment Income | 60,000 | 60,000 | 80,194 | 20,194 |
| Other | | | | |
| Miscellaneous rental: | | | | |
| Cell tower rentals | 112,000 | 112,000 | 114,072 | 2,072 |
| Other Baldwin rental | 5,500 | 5,500 | 2,945 | (2,555) |
| Land use rent | 650,000 | 650,000 | 650,000 | - |
| Medicare reimbursement | 60,000 | 60,000 | 127,687 | 67,687 |
| Health reimbursements | 1,708,450 | 1,708,450 | 1,706,825 | (1,625) |
| Social Security reimbursements | 335,000 | 335,000 | 289,398 | (45,602) |
| Fire and liability reimbursements | 208,946 | 208,946 | 208,946 | - |
| Fire administration miscellaneous revenue | 35,000 | 35,000 | 53,363 | 18,363 |
| Medical examination reimbursements | 15,000 | 15,000 | 24,434 | 9,434 |
| Workers' compensation reimbursement | 224,515 | 224,515 | 224,515 | - |
| Workers' compensation recovery | 50,000 | 50,000 | 79,743 | 29,743 |
| Insurance recovery | 25,000 | 25,000 | 114,850 | 89,850 |
| Capital improvement earnings | 30,000 | 30,000 | - | (30,000) |
| Miscellaneous | 66,000 | 66,000 | 80,704 | 14,704 |
| Police special duty - administration | 80,000 | 80,000 | 62,680 | (17,320) |
| Other | 250,000 | 250,000 | 68,169 | (181,831) |
| Custodian revenue | 170,000 | 170,000 | 163,355 | (6,645) |
| WPCA Contractual Services | 480,000 | 480,000 | 490,346 | 10,346 |
| Boothe Estates | 36,000 | 36,000 | 25,988 | (10,012) |
| Total other | 4,541,411 | 4,541,411 | 4,488,020 | (53,391) |
| Total revenues | 191,785,491 | 191,785,491 | 193,580,540 | 1,795,049 |

(Continued)

**Required Supplementary Information - unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2014**

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-------------------------|-----------------------|-----------------------|------------------------------|---|
| | Original | Final | | |
| Other Financing Sources | | | | |
| Transfers in | 830,000 | 830,000 | 830,000 | - |
| Total | \$ 192,615,491 | \$ 192,615,491 | 194,410,540 | \$ 1,795,049 |

Budgetary revenues are different than GAAP revenues because:

| | |
|--|-------------|
| State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. | 11,880,000 |
| The Town does not budget for capital leases issuance in the general fund. these amounts are recorded as revenues and expenditures for GAAP financial statement purposes. | 253,209 |
| Proceeds from pension bonds not budgeted. | 162,690,000 |
| Proceeds from bond refunding not budgeted. | 16,418,000 |
| Premium on bond issuance not budgeted. | 1,904,535 |
| Public safety overtime reimbursements | 764,995 |
| Dog Fund revenue not budgeted in the General Fund. | 141,955 |

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 388,463,234

See Note to Required Supplementary Information.

Required Supplementary Information - unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--------------------------------|------------------|------------------|------------------------------|--|
| | Original | Final | | |
| Administration | | | | |
| Council Clerk | \$ 67,224 | \$ 67,224 | \$ 67,662 | \$ (438) |
| Office of the Mayor | 253,153 | 253,153 | 256,320 | (3,167) |
| Human resources | 593,743 | 593,743 | 677,781 | (84,038) |
| Town Attorney | 1,537,000 | 1,537,000 | 1,524,498 | 12,502 |
| Chief Administrative Officer | 208,500 | 208,500 | 200,795 | 7,705 |
| Department of Planning | 274,905 | 274,905 | 267,373 | 7,532 |
| Registrar of Voters | 217,027 | 217,027 | 198,741 | 18,286 |
| Town Clerk | 360,652 | 360,652 | 344,682 | 15,970 |
| Town buildings | 555,600 | 555,600 | 557,796 | (2,196) |
| Agencies | 145,685 | 145,685 | 131,899 | 13,786 |
| Total | 4,213,489 | 4,213,489 | 4,227,547 | (14,058) |
| Contingency | 2,758,515 | 3,436,190 | 4,154,862 | (718,672) |
| Employee Benefits | 33,902,076 | 33,902,076 | 33,121,048 | 781,028 |
| Finance | | | | |
| Administration | 156,965 | 156,964 | 229,959 | (72,995) |
| Accounting | 469,721 | 469,721 | 498,148 | (28,427) |
| Data processing | 530,190 | 530,190 | 476,296 | 53,894 |
| Purchasing | 159,271 | 159,271 | 156,672 | 2,599 |
| Tax Assessor | 426,328 | 426,328 | 424,439 | 1,889 |
| Tax Collector | 448,918 | 448,918 | 433,613 | 15,305 |
| Total | 2,191,393 | 2,191,392 | 2,219,127 | (27,735) |
| Human Development | | | | |
| Community services | 254,754 | 254,754 | 251,771 | 2,983 |
| Economic Community Development | 217,242 | 217,242 | 200,330 | 16,912 |
| Health Department | 537,906 | 537,906 | 587,173 | (49,267) |
| Recreation Department | 647,191 | 647,191 | 609,174 | 38,017 |
| Senior Services | 571,216 | 571,216 | 544,164 | 27,052 |
| Sterling House | 128,897 | 128,897 | 128,897 | - |
| Stratford Library Association | 2,850,671 | 2,850,671 | 2,833,421 | 17,250 |
| Visiting Nurses Association | 53,500 | 53,500 | 53,500 | - |
| Short Beach | 170,534 | 170,534 | 188,983 | (18,449) |
| Total | 5,431,911 | 5,431,911 | 5,397,413 | 34,498 |

(Continued)

Required Supplementary Information - unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------|--------------------|--------------------|------------------------------|--|
| | Original | Final | | |
| Physical Development | | | | |
| Public works: | | | | |
| Administration | \$ 1,005,939 | \$ 1,005,939 | \$ 1,208,222 | \$ (202,283) |
| Building inspection | 236,247 | 236,247 | 237,901 | (1,654) |
| Building maintenance | 1,613,168 | 1,613,168 | 1,572,506 | 40,662 |
| Engineering | 477,430 | 477,430 | 471,442 | 5,988 |
| Parks | 2,060,893 | 2,060,893 | 2,123,931 | (63,038) |
| Highways | 2,678,289 | 2,678,289 | 2,645,037 | 33,252 |
| Town garage | 692,988 | 692,988 | 709,461 | (16,473) |
| Sanitation/refuse | 4,120,503 | 4,120,503 | 4,098,607 | 21,896 |
| Total | 12,885,457 | 12,885,457 | 13,067,107 | (181,650) |
| Public Safety | | | | |
| Fire Department: | | | | |
| Administration | 631,078 | 631,078 | 607,847 | 23,231 |
| Firefighting | 10,170,873 | 10,170,873 | 10,667,086 | (496,213) |
| Fire prevention | 378,795 | 378,795 | 350,876 | 27,919 |
| Police Department: | | | | |
| Administration | 1,016,692 | 1,016,692 | 957,938 | 58,754 |
| Investigation | 1,650,660 | 1,650,660 | 1,937,114 | (286,454) |
| Patrol | 5,661,971 | 5,661,971 | 5,450,689 | 211,282 |
| Records | 367,008 | 367,008 | 352,123 | 14,885 |
| Traffic | 717,091 | 717,091 | 620,823 | 96,268 |
| Professional standards | 565,552 | 565,552 | 525,911 | 39,641 |
| Communications Center | 909,591 | 909,591 | 960,845 | (51,254) |
| Total | 22,069,311 | 22,069,311 | 22,431,252 | (361,941) |
| Board of Education | 95,517,529 | 95,517,529 | 95,517,529 | - |
| Debt Service | | | | |
| Bonds payable: | | | | |
| Principal retirement | 7,934,350 | 7,522,748 | 8,722,485 | (1,199,737) |
| Interest | 3,682,016 | 3,415,943 | 3,397,207 | 18,736 |
| Total | 11,616,366 | 10,938,691 | 12,119,692 | (1,181,001) |
| Total expenditures | 190,586,047 | 190,586,046 | 192,255,577 | (1,669,531) |

(Continued)

**Required Supplementary Information - unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2014**

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|----------------------|-----------------------|-----------------------|------------------------------|--|
| | Original | Final | | |
| Other Financing Uses | | | | |
| Transfers out | \$ 2,029,444 | \$ 2,029,444 | \$ 2,029,444 | \$ - |
| Total | \$ 192,615,491 | \$ 192,615,490 | 194,285,021 | \$ (1,669,531) |

Budgetary expenditures are different than GAAP expenditures because:

| | |
|---|-------------|
| State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. | 11,880,000 |
| Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes. | 968,486 |
| The Town does not budget for capital leases issuances in the general fund. These amounts are recorded as revenue and expenditures for GAAP financial statement purposes. | 253,209 |
| Public safety overtime reimbursements | 764,995 |
| Pension Plan contribution from debt funding not budgeted | 162,690,000 |
| Payment to bond escrow agent not budgeted. | 18,138,960 |
| Cost of bond issuance | 202,113 |
| Dog Fund expenditures not budgeted in the general fund. | 40,527 |

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 389,223,311

See Notes to Required Supplementary Information.

Required Supplementary Information - unaudited
Schedules of Employer Contributions - Pension and OPEB
June 30, 2014

Schedule of Employer Contributions - OPEB

| Fiscal Year Ended June 30, | Annual Required Contribution | Percentage Contributed |
|----------------------------------|------------------------------------|---------------------------|
|----------------------------------|------------------------------------|---------------------------|

Board of Education- OPEB

| | | |
|------|--------------|-------|
| 2008 | \$ 4,811,100 | 56.0% |
| 2009 | 5,164,000 | 55.7% |
| 2010 | 8,617,400 | 36.1% |
| 2011 | 9,171,800 | 35.6% |
| 2012 | 6,511,300 | 54.0% |
| 2013 | 6,965,000 | 56.4% |
| 2014 | 8,202,800 | 54.2% |

Town - OPEB

| | | |
|------|--------------|-------|
| 2008 | \$ 3,971,900 | 49.4% |
| 2009 | 5,083,500 | 37.0% |
| 2010 | 5,404,400 | 37.4% |
| 2011 | 5,479,200 | 36.1% |
| 2012 | 4,390,000 | 68.4% |
| 2013 | 4,678,400 | 65.9% |
| 2014 | 5,127,200 | 51.3% |

Schedule of Employer Contributions - Pension Trust Fund

| Fiscal Year Ended June 30, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|----------------------------------|---|------------------------------------|--|--------------------|--|
| 2005 | \$ 10,535,184 | \$ 4,223,500 | \$ 6,311,684 | \$ 24,931,181 | 16.94% |
| 2006 | 11,651,536 | 4,840,940 | 6,810,596 | 24,129,679 | 20.06% |
| 2007 | 12,435,843 | 111,651,079 | (99,215,236) | 24,481,954 | 456.05% |
| 2008 | 5,646,579 | 5,669,932 | (23,353) | 24,881,992 | 22.79% |
| 2009 | 5,622,712 | 5,240,187 | 382,525 | 24,494,790 | 21.39% |
| 2010 | 7,233,412 | 7,233,452 | (40) | 24,002,108 | 30.14% |
| 2011 | 8,526,398 | 8,526,398 | - | 24,328,011 | 35.05% |
| 2012 | 8,521,128 | 8,493,774 | 27,354 | 23,991,550 | 35.40% |
| 2013 | 10,264,676 | 9,778,500 | 486,176 | 23,551,913 | 41.52% |
| 2014 | 12,720,477 | 162,209,000 | (149,488,523) | 22,770,569 | 712.36% |

Required Supplementary Information - unaudited
Schedules of Funding Progress - Pension and OPEB
June 30, 2014

Schedule of Funding Progress - OPEB

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) (B) | Funded (Unfunded) AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | AAL (UAAL) as a Percentage of Covered Payroll (D) |
|---|--|--|---|--------------------------|---------------------------|--|
| <u>Town - OPEB</u> | | | | | | |
| 7/1/2007 | \$ - | \$ 55,487,000 | \$ 55,487,000 | 0.00% | N/A | N/A |
| 7/1/2008 | - | 58,760,000 | 58,760,000 | 0.00% | N/A | N/A |
| 7/1/2010 | - | 67,290,000 | 67,290,000 | 0.00% | N/A | N/A |
| 7/1/2012 | 862,158 | 56,342,736 | 55,480,578 | 1.53% | N/A | N/A |
| <u>Board of Education - OPEB</u> | | | | | | |
| 7/1/2007 | \$ - | \$ 42,562,000 | \$ 42,562,000 | 0.00% | N/A | N/A |
| 7/1/2008 | - | 63,155,000 | 63,155,000 | 0.00% | N/A | N/A |
| 7/1/2010 | - | 44,046,000 | 44,046,000 | 0.00% | N/A | N/A |
| 7/1/2012 | 1,209,429 | 98,329,902 | 97,120,473 | 1.23% | N/A | N/A |
| <u>Pension Plan</u> | | | | | | |
| 7/1/2006 | \$ 11,052,753 | \$ 204,336,960 | \$ 193,284,207 | 5.41% | \$ 24,881,992 | 776.80% |
| 7/1/2007 | 136,089,974 | 208,934,552 | 72,844,578 | 65.14% | 24,494,790 | 297.39% |
| 7/1/2008 | 132,753,542 | 225,549,354 | 92,795,812 | 58.86% | 24,002,108 | 386.62% |
| 7/1/2009 | 123,651,853 | 232,658,513 | 109,006,660 | 53.15% | 24,238,011 | 449.73% |
| 7/1/2010 | 116,886,092 | 238,530,403 | 121,644,311 | 49.00% | 23,991,550 | 507.03% |
| 7/2/2011 | 114,143,029 | 259,719,466 | 145,576,437 | 43.95% | 23,551,913 | 618.11% |
| 7/1/2012 | 108,730,191 | 292,885,687 | 184,155,496 | 37.12% | 22,770,569 | 808.74% |
| 7/1/2013 | 250,104,928 | 300,775,818 | 50,670,890 | 83.15% | 22,237,216 | 227.87% |

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

| | Town |
|--|-------------------------|
| Changes in Net Pension Liability | |
| Total Pension Liability | |
| Service cost | \$ 3,739 |
| Interest on total pension liability | 19,881 |
| Effect of economic changes/demographic gains or (losses) | (462) |
| Benefit payments | <u>(20,286)</u> |
| Net change in total pension liability | 2,872 |
| Total Pension Liability, beginning | <u>300,776</u> |
| Total pension liability ending (a) | <u>303,648</u> |
| Fiduciary Net Position | |
| Employer contributions | \$ 162,209 |
| Member contributions | 1,683 |
| Investment income net of investment expenses | 26,333 |
| Benefit payments | (20,286) |
| Administrative expenses | <u>(239)</u> |
| Net change in plan fiduciary net position | 169,700 |
| Fiduciary Net Position, beginning | <u>90,105</u> |
| Fiduciary net position, ending (b) | <u>259,805</u> |
| Net pension liability, ending = (a) - (b) | <u>\$ 43,843</u> |
| Fiduciary net position as a % of total pension liability | 85.56% |
| Covered payroll | \$ 22,771 |
| Net pension liability as a % of covered payroll | 192.54% |

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

Required Supplementary Information – unaudited
Note to Required Supplementary Information

Note 1. Note to Required Supplementary Information

Budgetary Information:

General fund: The Town's general budget policies are as follows:

Not later than March 12, the Mayor prepares and submits to the Town Council an annual budget for the next fiscal year based on detailed estimated revenues and expenditures for the Town.

The Town's charter requires the Town Council to hold public hearings prior to the adoption of the final budget, at which time taxpayers' comments are obtained.

Prior to May 13, the Town Council adopts the budget and sets the tax rate for the fiscal year through the passage of ordinances.

All interdepartmental appropriations and budget transfers must be approved by the Town Council. The Mayor approves all intradepartmental transfers.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

Budgeted amounts reported are as originally adopted, or as amended by the Town Council during the course of the year. No supplemental appropriations were approved for year ended June 30, 2014.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND OTHER SCHEDULES**

General Fund

General Fund

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

**Balance Sheet - General Fund
June 30, 2014**

| | 2014 |
|--|----------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 32,934,347 |
| Receivables, net | 13,799,343 |
| Prepays | 87,300 |
| Advance to Other Fund | 582,512 |
| Due from Other Funds | 7,695,085 |
| Total assets | \$ 55,098,587 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | |
| Liabilities | |
| Accounts payable | \$ 2,051,064 |
| Accrued liabilities | 1,121,068 |
| Unearned revenue | - |
| Due to other funds | 28,706,923 |
| Total liabilities | 31,879,055 |
| Deferred Inflows of Resources: | |
| Unavailable resources | 12,816,074 |
| Fund Balance | |
| Nonspendable | 669,812 |
| Restricted | 115,669 |
| Assigned | 612,143 |
| Unassigned | 9,005,834 |
| Total fund balance | 10,403,458 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 55,098,587 |

Town of Stratford, Connecticut

EXHIBIT A-2

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

| Grand List Year | Uncollected Taxes July 1, 2013 | Current Levy | Lawful Corrections | Transfers to Suspense | Adjusted Taxes Collectible | Taxes Paid | Interest | Lien | Other | Total Collected | Uncollected Taxes June 30, 2014 |
|-----------------|--------------------------------|-----------------------|--------------------|-----------------------|----------------------------|-----------------------|---------------------|------------------|-------------------|-----------------------|---------------------------------|
| 2012 | \$ - | \$ 156,567,190 | \$ 186,579 | \$ (5,455) | \$ 156,748,314 | \$ 152,760,084 | \$ 536,215 | \$ 1,651 | \$ 31,803 | \$ 153,329,753 | \$ 3,988,230 |
| 2011 | 3,533,685 | - | 23,689 | - | 3,557,374 | 2,139,137 | 400,211 | 6,141 | 31,216 | 2,576,705 | 1,418,237 |
| 2010 | 1,303,874 | - | 224,057 | - | 1,527,931 | 561,948 | 234,665 | 1,752 | 47,542 | 845,907 | 965,983 |
| 2009 | 983,087 | - | (37,332) | (576,972) | 368,783 | 75,879 | 57,535 | 516 | 8,206 | 142,136 | 292,904 |
| 2008 | 161,762 | - | 889 | - | 162,651 | 20,800 | 14,604 | 408 | - | 35,812 | 141,851 |
| 2007 | 67,236 | - | 137 | - | 67,373 | 12,027 | 9,571 | 408 | 2,884 | 24,890 | 55,346 |
| 2006 | 76,621 | - | 136 | - | 76,757 | 8,055 | 7,938 | 168 | - | 16,161 | 68,702 |
| 2005 | 8,739 | - | 130 | - | 8,869 | 145 | (87) | 72 | - | 130 | 8,724 |
| 2004 | 20,625 | - | 121 | - | 20,746 | 131 | (58) | 48 | - | 121 | 20,615 |
| 2003 | 28,783 | - | - | - | 28,783 | 345 | 506 | 48 | 5 | 904 | 28,438 |
| 2002 | 4,369 | - | - | - | 4,369 | - | - | - | - | - | 4,369 |
| 2001 | 114,416 | - | - | - | 114,416 | 466 | 945 | - | 237 | 1,648 | 113,950 |
| 2000 | 286,639 | - | - | - | 286,639 | 83 | 118 | - | 40 | 241 | 286,556 |
| 1999 | 83,221 | - | - | - | 83,221 | 13 | 15 | - | 23 | 51 | 83,208 |
| 1998 | 93,742 | - | - | - | 93,742 | 215 | 411 | - | 109 | 735 | 93,527 |
| | <u>\$ 6,766,799</u> | <u>\$ 156,567,190</u> | <u>\$ 398,406</u> | <u>\$ (582,427)</u> | <u>\$ 163,149,968</u> | <u>\$ 155,579,328</u> | <u>\$ 1,262,589</u> | <u>\$ 11,212</u> | <u>\$ 122,065</u> | <u>\$ 156,975,194</u> | <u>\$ 7,570,640</u> |

Nonmajor Governmental Funds

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.

| Fund | Funding Source | Function |
|--|---|--|
| School Lunch Program | Sale of food and grants | School lunch program |
| Community Development | Federal grant – DHUD and program income | Community development programs |
| Education Federal and State Programs | State and Federal grant | Education programs |
| Shellfish and Oysters | Grants and local contributions | Activities of Shellfish Commission |
| Counseling Center | State grants and contributions | Drug addiction counseling |
| Continuing Education | State and Federal grants | Continuing education |
| Redevelopment Agency | Grants and local contributions | Stratford Redevelopment Agency |
| Railroad Property | Collection of fees | Railroad station parking |
| Miscellaneous Grants | Federal and state grants | Health and social services program |
| Department of Children and Family Services | Grants and local contributions | Department of Children and Families |
| Recreation | | Recreation programs |
| Town Aid Road | State grants | Improvements of local roads |
| Senior Citizens | | Baldwin Senior Citizen Center |
| Police Special Services | Grants and local contributions | State Drug Enforcement Grant |
| Harbor Management | | Harbor management program |
| Recycling | | Recycling program |
| Gas Pipeline | Donation from Duke Energy | Various projects |
| Sewer Maintenance | | Miscellaneous maintenance of sewer functions |
| Reserve | | Miscellaneous reserve funds |

Debt Service Fund

The Debt Service Fund is used to service principal and interest payments on Pension obligation bonds.

Permanent Funds

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

| Fund | Funding Source | Function |
|-----------------------|-----------------------|----------------------|
| Stratford High School | | Student activities |
| Bunnell High School | | Student activities |
| Stephen Boothe | Donations | Boothe Memorial Park |
| David Boothe | Donations | Boothe Memorial Park |

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

| | Special Revenue | | | | | | |
|--|----------------------|-----------------------|--------------------------------------|-----------------------|-------------------|----------------------|----------------------|
| | School Lunch Program | Community Development | Education Federal and State Programs | Shellfish and Oysters | Counseling Center | Continuing Education | Redevelopment Agency |
| Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 349,619 | \$ - | \$ 297,856 | \$ - | \$ - | \$ 190,478 | \$ - |
| Investments | - | - | - | - | - | - | - |
| Accounts Receivable | 309,165 | 218,191 | - | - | - | 103,460 | - |
| Intergovernmental | - | 80,267 | - | - | - | - | - |
| Due from Other Funds | - | - | - | 68,501 | 54,287 | - | 418,074 |
| Inventory | 29,455 | - | - | - | - | - | - |
| Total assets | \$ 688,239 | \$ 298,458 | \$ 297,856 | \$ 68,501 | \$ 54,287 | \$ 293,938 | \$ 418,074 |
| Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits) | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 997,390 | \$ 49,199 | \$ - | \$ - | \$ 4,526 | \$ 27,655 | \$ - |
| Unearned Revenue | - | - | 297,856 | - | - | - | - |
| Due to other funds | - | 5,238 | - | - | - | - | - |
| Total liabilities | 997,390 | 54,437 | 297,856 | - | 4,526 | 27,655 | - |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable resources | - | 218,191 | - | - | - | - | - |
| Fund Balances (Deficits) | | | | | | | |
| Nonspendable | 29,455 | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | 266,283 | - |
| Committed | - | 25,830 | - | 68,501 | 49,761 | - | 418,074 |
| Unassigned | (338,606) | - | - | - | - | - | - |
| Total fund balances (deficits) | (309,151) | 25,830 | - | 68,501 | 49,761 | 266,283 | 418,074 |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | \$ 688,239 | \$ 298,458 | \$ 297,856 | \$ 68,501 | \$ 54,287 | \$ 293,938 | \$ 418,074 |

(Continued)

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

| | Special Revenue | | | | | |
|--|----------------------|-------------------------|---|------------------|---------------------|--------------------|
| | Railroad Property | Miscellaneous Grants | Department of Children and Family Services | Recreation | Town Aid Road | Senior Citizens |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 10 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - |
| Accounts Receivable | - | - | - | - | - | - |
| Intergovernmental | - | 165,099 | - | - | - | - |
| Due from Other Funds | 851,714 | 129,697 | 152,663 | 67,432 | 144,807 | 63,936 |
| Inventory | - | - | - | - | - | - |
| Total assets | \$ 851,724 | \$ 294,796 | \$ 152,663 | \$ 67,432 | \$ 144,807 | \$ 63,936 |
| Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits) | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 52,682 | \$ 54,778 | \$ 6,557 | \$ 25,468 | \$ 6,548 | \$ 5,382 |
| Unearned Revenue | - | 373,720 | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Total liabilities | 52,682 | 428,498 | 6,557 | 25,468 | 6,548 | 5,382 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable resources | - | 96,229 | - | - | - | - |
| Fund Balances (Deficits) | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | 146,106 | - | 138,259 | - |
| Committed | 799,042 | - | - | 41,964 | - | 58,554 |
| Unassigned | - | (229,931) | - | - | - | - |
| Total fund balances (deficits) | 799,042 | (229,931) | 146,106 | 41,964 | 138,259 | 58,554 |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | \$ 851,724 | \$ 294,796 | \$ 152,663 | \$ 67,432 | \$ 144,807 | \$ 63,936 |

(Continued)

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

| | Special Revenue Funds | | | | | | | |
|--|-------------------------------|----------------------|------------------|-------------------|----------------------|-------------------|---------------------|--|
| | Police Special Services | Harbor Management | Recycling | Gas Pipeline | Sewer Maintenance | Reserve | Totals | |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ 357,654 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,195,617 | |
| Investments | - | - | - | - | - | - | - | |
| Accounts Receivable | - | - | - | - | - | - | 630,816 | |
| Intergovernmental | - | - | - | - | - | - | 245,366 | |
| Due from Other Funds | - | 144,171 | 13,117 | 463,647 | 35,576 | 370,659 | 2,978,281 | |
| Inventory | - | - | - | - | - | - | 29,455 | |
| Total assets | \$ 357,654 | \$ 144,171 | \$ 13,117 | \$ 463,647 | \$ 35,576 | \$ 370,659 | \$ 5,079,535 | |
| Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits) | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ 8,565 | \$ - | \$ - | \$ 24,047 | \$ 55,940 | \$ 1,318,737 | |
| Unearned Revenue | - | - | - | - | - | 24,222 | 695,798 | |
| Due to other funds | - | - | - | - | - | - | 5,238 | |
| Total liabilities | - | 8,565 | - | - | 24,047 | 80,162 | 2,019,773 | |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable resources | - | - | - | - | - | - | 314,420 | |
| Fund Balances (Deficits) | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 29,455 | |
| Restricted | - | - | - | - | - | - | 550,648 | |
| Committed | 357,654 | 135,606 | 13,117 | 463,647 | 11,529 | 290,497 | 2,733,776 | |
| Unassigned | - | - | - | - | - | - | (568,537) | |
| Total fund balances (deficits) | 357,654 | 135,606 | 13,117 | 463,647 | 11,529 | 290,497 | 2,745,342 | |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | \$ 357,654 | \$ 144,171 | \$ 13,117 | \$ 463,647 | \$ 35,576 | \$ 370,659 | \$ 5,079,535 | |

(Continued)

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

| | Permanent Funds | | | | | Debt Service | | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------|-------------------|---------------------|---------------------|----------------------|---------------------------|--|
| | Stratford High School | Bunnell High School | Stephen Boothe | David Boothe | Total | Debt Service Fund | Interfund Eliminations | |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ 217,631 | \$ 103,121 | \$ 225,462 | \$ 449,141 | \$ 995,355 | \$ - | \$ - | \$ 2,190,972 |
| Investments | - | - | 543,302 | 1,254,372 | 1,797,674 | - | - | 1,797,674 |
| Accounts Receivable | - | - | - | - | - | - | - | 630,816 |
| Intergovernmental | - | - | - | - | - | - | - | 245,366 |
| Due from Other Funds | - | - | - | - | - | 3,886,600 | - | 6,864,881 |
| Inventory | - | - | - | - | - | - | - | 29,455 |
| Total assets | \$ 217,631 | \$ 103,121 | \$ 768,764 | \$ 1,703,513 | \$ 2,793,029 | \$ 3,886,600 | \$ - | \$ 11,759,164 |
| Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits) | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,318,737 |
| Unearned Revenue | - | - | - | - | - | - | - | 695,798 |
| Due to other funds | - | - | - | - | - | - | - | 5,238 |
| Total liabilities | - | - | - | - | - | - | - | 2,019,773 |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable resources | - | - | - | - | - | - | - | 314,420 |
| Fund Balances (Deficits) | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | 29,455 |
| Restricted | 217,631 | 103,121 | 768,764 | 1,703,513 | 2,793,029 | - | - | 3,343,677 |
| Committed | - | - | - | - | - | 3,886,600 | - | 6,620,376 |
| Unassigned | - | - | - | - | - | - | - | (568,537) |
| Total fund balances (deficits) | 217,631 | 103,121 | 768,764 | 1,703,513 | 2,793,029 | 3,886,600 | - | 9,424,971 |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | \$ 217,631 | \$ 103,121 | \$ 768,764 | \$ 1,703,513 | \$ 2,793,029 | \$ 3,886,600 | \$ - | \$ 11,759,164 |

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

| | Special Revenue | | | | | | |
|--|----------------------|-----------------------|--------------------------------------|-----------------------|-------------------|----------------------|----------------------|
| | School Lunch Program | Community Development | Education Federal and State Programs | Shellfish and Oysters | Counseling Center | Continuing Education | Redevelopment Agency |
| Revenues | | | | | | | |
| Intergovernmental | \$ 1,818,901 | \$ 531,593 | \$ 3,300,359 | \$ - | \$ - | \$ - | \$ - |
| Departmental revenue | 1,659,798 | - | - | 6,006 | 5,675 | 582,791 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | - | - |
| Other | - | - | - | - | 64,801 | - | - |
| Total revenue | 3,478,699 | 531,593 | 3,300,359 | 6,006 | 70,476 | 582,791 | - |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Education | 3,432,543 | - | 3,300,359 | - | - | 447,508 | - |
| Human development | - | - | - | - | 77,867 | - | - |
| Physical development | - | 513,945 | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - |
| Total expenditures | 3,432,543 | 513,945 | 3,300,359 | - | 77,867 | 447,508 | - |
| Excess (deficiency) of revenues over expenditures | 46,156 | 17,648 | - | 6,006 | (7,391) | 135,283 | - |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Net change in fund balances (deficits) | 46,156 | 17,648 | - | 6,006 | (7,391) | 135,283 | - |
| Fund Balances (Deficits), beginning of year | (355,307) | 8,182 | - | 62,495 | 57,152 | 131,000 | 418,074 |
| Fund Balances (Deficits), end of year | \$ (309,151) | \$ 25,830 | \$ - | \$ 68,501 | \$ 49,761 | \$ 266,283 | \$ 418,074 |

(Continued)

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

| | Special Revenue | | | | | |
|--|----------------------|-------------------------|---|----------------|---------------------|--------------------|
| | Railroad Property | Miscellaneous Grants | Department of Children and Family Services | Recreation | Town Aid Road | Senior Citizens |
| Revenues | | | | | | |
| Intergovernmental | \$ - | \$ 1,389,495 | \$ 253,157 | \$ - | \$ 597,307 | \$ - |
| Departmental revenue | - | - | - | 297,622 | - | 67,400 |
| Licenses and permits | 418,898 | - | - | - | - | - |
| Investment income | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenue | 418,898 | 1,389,495 | 253,157 | 297,622 | 597,307 | 67,400 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Education | - | - | - | - | - | - |
| Human development | 298,972 | 1,413,124 | - | - | - | 81,200 |
| Physical development | - | - | 325,190 | 250,532 | - | - |
| Public safety | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | 730,428 | - |
| Total expenditures | 298,972 | 1,413,124 | 325,190 | 250,532 | 730,428 | 81,200 |
| Excess (deficiency) of revenues over expenditures | 119,926 | (23,629) | (72,033) | 47,090 | (133,121) | (13,800) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | - | 137,600 | - | - | - |
| Transfers out | (130,000) | - | - | - | - | - |
| Total other financing sources (uses) | (130,000) | - | 137,600 | - | - | - |
| Net change in fund balances (deficits) | (10,074) | (23,629) | 65,567 | 47,090 | (133,121) | (13,800) |
| Fund Balances (Deficits), beginning of year | 809,116 | (206,302) | 80,539 | (5,126) | 271,380 | 72,354 |
| Fund Balances (Deficits), end of year | \$ 799,042 | \$ (229,931) | \$ 146,106 | \$ 41,964 | \$ 138,259 | \$ 58,554 |

(Continued)

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

| | Special Revenue Funds | | | | | | Totals |
|--|-------------------------------|----------------------|-----------|-----------------|----------------------|----------------|-------------------|
| | Police Special Services | Harbor Management | Recycling | Gas Pipeline | Sewer Maintenance | Reserve | |
| Revenues | | | | | | | |
| Intergovernmental | \$ - | \$ 34,931 | \$ - | \$ - | \$ - | \$ - | \$ 7,925,743 |
| Departmental revenue | - | 49,725 | - | - | - | 396,556 | 3,065,573 |
| Licenses and permits | - | - | - | - | - | - | 418,898 |
| Investment income | 746 | - | - | - | - | - | 746 |
| Other | 177,111 | - | - | - | - | - | 241,912 |
| Total revenue | 177,857 | 84,656 | - | - | - | 396,556 | 11,652,872 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Education | - | - | - | - | - | - | 7,180,410 |
| Human development | - | - | - | - | - | 106,059 | 1,977,222 |
| Physical development | - | 71,599 | - | - | - | - | 1,161,266 |
| Public safety | 84,358 | - | - | 14,829 | - | - | 99,187 |
| Capital Outlay | - | - | - | - | - | - | 730,428 |
| Total expenditures | 84,358 | 71,599 | - | 14,829 | - | 106,059 | 11,148,513 |
| Excess (deficiency) of revenues over expenditures | 93,499 | 13,057 | - | (14,829) | - | 290,497 | 504,359 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | - | - | - | - | 137,600 |
| Transfers out | - | - | - | - | - | - | (130,000) |
| Total other financing sources (uses) | - | - | - | - | - | - | 7,600 |
| Net change in fund balances (deficits) | 93,499 | 13,057 | - | (14,829) | - | 290,497 | 511,959 |
| Fund Balances (Deficits), beginning of year | 264,155 | 122,549 | 13,117 | 478,476 | 11,529 | - | 2,233,383 |
| Fund Balances (Deficits), end of year | \$ 357,654 | \$ 135,606 | \$ 13,117 | \$ 463,647 | \$ 11,529 | \$ 290,497 | \$ 2,745,342 |

(Continued)

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

| | Permanent Funds | | | | | Debt Service | | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------|-------------------|-----------------|----------------|----------------------|---------------------------|--|
| | Stratford High School | Bunnell High School | Stephen Boothe | David Boothe | Total | Debt Service Fund | Interfund Eliminations | |
| Revenues | | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,925,743 |
| Departmental revenue | - | - | - | - | - | - | - | 3,065,573 |
| Licenses and permits | - | - | - | - | - | - | - | 418,898 |
| Investment income | 13,687 | 86 | 78,659 | 175,290 | 267,722 | - | - | 268,468 |
| Other | - | 146,087 | - | - | 146,087 | - | - | 387,999 |
| Total revenue | 13,687 | 146,173 | 78,659 | 175,290 | 413,809 | - | - | 12,066,681 |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| Education | 14,996 | 117,368 | 5,303 | 10,720 | 148,387 | - | - | 7,328,797 |
| Human development | - | - | - | - | - | - | - | 1,977,222 |
| Physical development | - | - | - | - | - | - | - | 1,161,266 |
| Public safety | - | - | - | - | - | - | - | 99,187 |
| Capital Outlay | - | - | - | - | - | - | - | 730,428 |
| Total expenditures | 14,996 | 117,368 | 5,303 | 10,720 | 148,387 | - | - | 11,296,900 |
| Excess (deficiency) of revenues over expenditures | (1,309) | 28,805 | 73,356 | 164,570 | 265,422 | - | - | 769,781 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | - | - | - | - | - | 3,886,600 | - | 4,024,200 |
| Transfers out | - | - | - | - | - | - | - | (130,000) |
| Total other financing sources (uses) | - | - | - | - | - | 3,886,600 | - | 3,894,200 |
| Net change in fund balances (defi | (1,309) | 28,805 | 73,356 | 164,570 | 265,422 | 3,886,600 | - | 4,663,981 |
| Fund Balances (Deficits), beginning of year | 218,940 | 74,316 | 695,408 | 1,538,943 | 2,527,607 | - | - | 4,760,990 |
| Fund Balances (Deficits), end of year | \$ 217,631 | \$ 103,121 | \$ 768,764 | \$ 1,703,513 | \$ 2,793,029 | \$ 3,886,600 | \$ - | \$ 9,424,971 |

Capital Projects Fund

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The Town reports one capital project fund with the following sub-funds:

| Fund | Funding Source | Function |
|--------------------------|-----------------------|--|
| Capital Improvements | | Construction and renovation projects |
| Capital Special Projects | Bonds | Construction and renovation projects |
| Sidewalk and Roads | Special assessments | Construction and improvements to sidewalks and streets |
| Sewer Revolving | Special assessments | Construction and improvements to sewer system |
| Water Hookup | | Water main construction for Whipporwill Lane |
| Capital Equipment | General Fund | Equipment purchases |

**Project Combining Balance Sheet
Capital Projects Fund
June 30, 2014**

| | Capital Improvements | Capital Special Projects | Sidewalk and Roads | Sewer Revolving | Water Hookup | Capital Equipment | Interfund Eliminations | Totals |
|--|-------------------------|--------------------------------|-----------------------|---------------------|------------------|----------------------|---------------------------|---------------------|
| Assets | | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 165,915 | \$ - | \$ 165,915 |
| Special Assessments | - | - | 8,241 | 903,646 | 15,562 | - | - | 927,449 |
| Due from Other Funds | - | 5,016,263 | - | 2,071,268 | - | 593,963 | 1,702,122 | 5,979,372 |
| Total assets | \$ - | \$ 5,016,263 | \$ 8,241 | \$ 2,974,914 | \$ 15,562 | \$ 759,878 | \$ 1,702,122 | \$ 7,072,736 |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | 308,458 | 3,191,945 | - | 24,928 | - | 319,168 | - | 3,844,499 |
| Due to other funds | 1,561,650 | - | 25,515 | - | 114,957 | - | 1,702,122 | - |
| Total Liabilities | 1,870,108 | 3,191,945 | 25,515 | 24,928 | 114,957 | 319,168 | 1,702,122 | 3,844,499 |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable resources | - | - | 8,241 | 871,649 | 15,562 | - | - | 895,452 |
| Fund Balances | | | | | | | | |
| Committed | (1,870,108) | 1,824,318 | (25,515) | 2,078,337 | (114,957) | 440,710 | - | 2,332,785 |
| Total liabilities and fund balances | \$ - | \$ 5,016,263 | \$ 8,241 | \$ 2,974,914 | \$ 15,562 | \$ 759,878 | \$ 1,702,122 | \$ 7,072,736 |

**Project Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund
For the Year Ended June 30, 2014**

| | Capital Improvements | Capital Special Projects | Sidewalk and Roads | Sewer Revolving | Water Hookup | Capital Equipment | Interfund Eliminations | Totals |
|--|-------------------------|--------------------------------|-----------------------|--------------------|-----------------|----------------------|---------------------------|--------------|
| Revenues | | | | | | | | |
| Property taxes and assessments | \$ - | \$ - | \$ 5,427 | \$ 729,793 | \$ 24,408 | \$ - | \$ - | \$ 759,628 |
| Intergovernmental | - | 256,335 | - | - | - | 269,354 | - | 525,689 |
| Total revenues | - | 256,335 | 5,427 | 729,793 | 24,408 | 269,354 | - | 1,285,317 |
| Expenditures | | | | | | | | |
| Capital outlay | \$ 613,261 | \$ 14,911,263 | \$ - | \$ 67,395 | \$ - | \$ 3,729,771 | \$ - | 19,321,690 |
| Excess (deficiency) of revenues over expenditures | (613,261) | (14,654,928) | 5,427 | 662,398 | 24,408 | (3,460,417) | - | (18,036,373) |
| Other Financing Sources | | | | | | | | |
| Proceeds from bond issuance | 446,821 | - | - | - | - | - | - | 446,821 |
| Transfers in | - | 54,118,411 | - | - | - | 9,449,680 | 61,940,145 | 1,627,946 |
| Transfers Out | (61,940,145) | - | - | - | - | - | (61,940,145) | - |
| Total other financing sources (uses) | (61,493,324) | 54,118,411 | - | - | - | 9,449,680 | - | 2,074,767 |
| Net change in fund balances | (62,106,585) | 39,463,483 | 5,427 | 662,398 | 24,408 | 5,989,263 | - | (15,961,606) |
| Fund Balances, beginning of year | 60,236,477 | (37,639,165) | (30,942) | 1,415,939 | (139,365) | (5,548,553) | - | 18,294,391 |
| Fund Balances, end of year | \$ (1,870,108) | \$ 1,824,318 | \$ (25,515) | \$ 2,078,337 | \$ (114,957) | \$ 440,710 | \$ - | \$ 2,332,785 |

Enterprise Funds

Enterprise Funds

Enterprise funds are used to account for ongoing organizations and activities that are similar to those found in the private sector.

Short Beach Golf Course is used to account for the operations of the Town's public golf course.

Miniature Golf Course is used to account for the operations of the Bull's Landing Miniature Golf Course.

**Combining Statement of Net Position
Enterprise Funds
June 30, 2014**

| | Short Beach Golf Course | Miniature Golf Course | Total |
|-------------------------------------|-------------------------------|-----------------------------|------------------|
| Assets | | | |
| Capital Assets | | | |
| Assets being depreciated, net | \$ 192,997 | \$ - | \$ 192,997 |
| Total assets | 192,997 | - | 192,997 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | 19,681 | - | 19,681 |
| Unearned revenue | 2,310 | - | 2,310 |
| Compensated absences | 41,525 | - | 41,525 |
| Total current liabilities | 63,516 | - | 63,516 |
| Non-Current Liabilities | | | |
| Advance from other funds | 582,512 | - | 582,512 |
| Compensated Absences | 3,025 | - | 3,025 |
| Total noncurrent liabilities | 585,537 | - | 585,537 |
| Total Liabilities | 649,053 | - | 649,053 |
| Net Position | | | |
| Net Investment in Capital Assets | 192,997 | - | 192,997 |
| Unrestricted | (649,053) | - | (649,053) |
| Total net position | \$ (456,056) | \$ - | (456,056) |

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

| | Short Beach Golf Course | Miniature Golf Course | Total |
|---|-------------------------------|-----------------------------|------------------|
| Operating Revenues | | | |
| Charges for services | \$ 205,116 | \$ - | \$ 205,116 |
| Total operating revenues | 205,116 | - | 205,116 |
| Operating Expenses | | | |
| Operating and maintenance | 374,105 | 27,669 | 401,774 |
| Depreciation | 15,903 | - | 15,903 |
| Total operating expenses | 390,008 | 27,669 | 417,677 |
| Operating income (loss) | (184,892) | (27,669) | (212,561) |
| Nonoperating Revenues | | | |
| Interest expense | - | - | - |
| Total nonoperating revenues (expenses) | - | - | - |
| Loss before transfers | (184,892) | (27,669) | (212,561) |
| Transfers in | - | 18,538 | 18,538 |
| Transfers out | - | - | - |
| Net Transfers | - | 18,538 | 18,538 |
| Change in net position | (184,892) | (9,131) | (194,023) |
| Fund Net Position (Deficit), beginning | (271,164) | 9,131 | (262,033) |
| Fund Net Position (Deficit), ending | \$ (456,056) | \$ - | \$ (456,056) |

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

| | Short Beach Golf Course | Miniature Golf Course | Total |
|--|-------------------------------|-----------------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from customers and users | \$ 205,151 | \$ - | \$ 205,151 |
| Cash payments to suppliers | (98,350) | (46,508) | (144,858) |
| Cash payments to employees | (261,274) | - | (261,274) |
| Payments for interfund services used | (188,609) | - | (188,609) |
| Net cash used in operating activities | (343,082) | (46,508) | (389,590) |
| Cash Flows from Noncapital Financing Activities: | | | |
| Advance from other funds | (805,404) | - | (805,404) |
| Transfers to other funds | - | 18,538 | 18,538 |
| Net cash used in noncapital financing activities | (805,404) | 18,538 | (786,866) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Disposal of capital assets | - | 27,669 | 27,669 |
| Net cash provided by capital and related financing activities | - | 27,669 | 27,669 |
| Net decrease in cash and cash equivalents | (1,148,486) | (301) | (1,148,787) |
| Cash and Cash Equivalents, beginning | 1,148,486 | 301 | 1,148,787 |
| Cash and Cash Equivalents, ending | \$ - | \$ - | \$ - |
| Reconciliation of Operating Loss to Net Cash Provided by Operating Activities | | | |
| Operating loss | \$ (184,892) | \$ (27,669) | \$ (212,561) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | | |
| Depreciation | 15,903 | - | 15,903 |
| Changes in assets and liabilities: | | | |
| Decrease in accounts receivable | 35 | - | 35 |
| Increase in accounts payable and accrued expenses | 2,434 | - | 2,434 |
| Increase in unearned revenues | 14,481 | - | 14,481 |
| Decrease in due to other funds | (191,043) | (18,839) | (209,882) |
| Net cash used in operating activities | \$ (343,082) | \$ (46,508) | \$ (389,590) |

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Internal Service Funds

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost-reimbursement basis.

Health Benefit and Workers' Compensation Fund – to provide reserves necessary to support an insurance program for health benefits and workers' compensation claims.

**Statement of Net Position (Deficit)
Internal Service Funds
June 30, 2014**

| | 2014 |
|-------------------------------------|------------------------------|
| Assets | |
| Receivables | \$ 82,341 |
| Due from Other Funds | 10,693,359 |
| Total assets | <u>10,775,700</u> |
| Liabilities and Fund Equity | |
| Current Liabilities | |
| Accounts payable | 945 |
| Due to other funds | 2,014,815 |
| Risk management claims | 1,382,000 |
| Total current liabilities | <u>3,397,760</u> |
| Noncurrent Liabilities | |
| Risk management claims | <u>9,629,000</u> |
| Fund Equity | |
| Net Position: | |
| Unrestricted (deficit) | <u>(2,251,060)</u> |
| Total net position (deficit) | <u><u>\$ (2,251,060)</u></u> |

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

| | 2014 |
|---|------------------------------|
| Operating Revenues | |
| Charges for services | <u>\$ 9,565,841</u> |
| Operating Expenses | |
| Operating and maintenance | <u>9,516,967</u> |
| Change in net position (deficit) | 48,874 |
| Fund Net Position (Deficit), beginning | <u>(2,299,934)</u> |
| Fund Net Position (Deficit), ending | <u><u>\$ (2,251,060)</u></u> |

Statement of Cash Flows
Internal Service Funds
For the Years Ended June 30, 2014

| | 2014 |
|--|--------------------|
| Cash Flows from Operating Activities | |
| Cash received from customer san and users | \$ 9,483,500 |
| Cash payments to suppliers | (7,168,409) |
| Payments for interfund services used | (2,315,091) |
| Net cash provided by operating activities | <u>-</u> |
| Net increase in cash and cash equivalents | - |
| Cash and Cash Equivalents, beginning | <u>-</u> |
| Cash and Cash Equivalents, ending | <u><u>\$ -</u></u> |
| Reconciliation of Operating Income to Net Cash | |
| Provided by Operating Activities | |
| Operating income | \$ 48,874 |
| Adjustments to reconcile operating income to | |
| net cash provided by operating activities: | |
| Changes in assets and liabilities: | |
| Increase in due from other funds | (3,155,216) |
| Increase in receivables | (82,341) |
| Decrease in accounts payable | (45,149) |
| Increase in due to other funds | 840,125 |
| Increase in risk management claim liability | 2,393,707 |
| Net cash provided by operating activities | <u><u>\$ -</u></u> |

Combining Statement of Net Position (Deficit)
Internal Service Funds
June 30, 2014

| | Health Benefit | Workers' Compensation | Total |
|---|---------------------|--------------------------|-----------------------|
| Assets | | | |
| Receivables | \$ 82,341 | \$ - | \$ 82,341 |
| Due from Other Funds | 9,519,486 | 1,173,873 | 10,693,359 |
| Total assets | <u>9,601,827</u> | <u>1,173,873</u> | <u>10,775,700</u> |
| Liabilities and Net Position (Deficit) | | | |
| Current Liabilities | | | |
| Accounts payable | 945 | - | 945 |
| Due to other funds | - | 2,014,815 | 2,014,815 |
| Risk management claims | 764,000 | 618,000 | 1,382,000 |
| Total liabilities | <u>764,945</u> | <u>2,632,815</u> | <u>3,397,760</u> |
| Noncurrent Liabilities | | | |
| Risk management claims | - | 9,629,000 | 9,629,000 |
| Net Position: | | | |
| Unrestricted (deficit) | 8,836,882 | (11,087,942) | (2,251,060) |
| Total net position (deficit) | <u>\$ 8,836,882</u> | <u>\$ (11,087,942)</u> | <u>\$ (2,251,060)</u> |

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

| | Health Benefit | Workers' Compensation | Total |
|---|---------------------|--------------------------|-----------------------|
| Operating Revenues | | | |
| Charges for services | \$ 6,903,655 | \$ 2,662,186 | \$ 9,565,841 |
| Operating Expenses | | | |
| Operating and maintenance | 5,141,145 | 4,375,822 | 9,516,967 |
| Change in net position (deficit) | 1,762,510 | (1,713,636) | 48,874 |
| Fund Net Position (Deficit), beginning | 7,074,372 | (9,374,306) | (2,299,934) |
| Fund Net Position (Deficit), ending | <u>\$ 8,836,882</u> | <u>\$ (11,087,942)</u> | <u>\$ (2,251,060)</u> |

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

| | Health Benefit | Workers' Compensation | Total |
|--|-------------------|--------------------------|--------------|
| Cash Flows from Operating Activities | | | |
| Cash received from customer san and users | \$ 6,821,314 | \$ 2,662,186 | \$ 9,483,500 |
| Cash payments to suppliers | (5,041,144) | (2,127,265) | (7,168,409) |
| Payments for interfund services used | (1,780,170) | (534,921) | (2,315,091) |
| Net cash provided by operating activities | - | - | - |
| Net increase in cash and cash equivalents | - | - | - |
| Cash and Cash Equivalents, beginning | - | - | - |
| Cash and Cash Equivalents, ending | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> |
| Reconciliation of Operating Income to Net Cash | | | |
| Provided by Operating Activities | | | |
| Operating income (loss) | \$ 1,762,510 | \$ (1,713,636) | \$ 48,874 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Increase in due from other funds | (3,155,216) | - | (3,155,216) |
| Increase in receivables | (82,341) | - | (82,341) |
| Decrease in accounts payable | (45,149) | - | (45,149) |
| Increase (decrease) in due to other funds | 1,375,046 | (534,921) | 840,125 |
| Increase in risk management claim liability | 145,150 | 2,248,557 | 2,393,707 |
| Net cash provided by operating activities | \$ - | \$ - | \$ - |

Fiduciary Funds

Fiduciary Funds

Agency Funds

Student Activity Fund – established to account for various student activities.

Senior Taxpayer Escrow – established to account for senior citizen tax payments.

Planning & Zoning Performance Bonds – established to account for planning & zoning performance bonds.

Inland/Wetland Performance Bonds – established to account for inland/wetland performance bonds.

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

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| Student Activity Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 368,104 | \$ 1,448,041 | \$ 1,428,448 | \$ 387,697 |
| Liabilities | | | | |
| Due to student groups | \$ 368,104 | \$ 1,448,041 | \$ 1,428,448 | \$ 387,697 |
| Senior Taxpayer Escrow | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 17,647 | \$ 26,726 | \$ 33,828 | \$ 10,545 |
| Liabilities | | | | |
| Payable to others | \$ 17,647 | \$ 26,726 | \$ 33,828 | \$ 10,545 |
| Planning & Zoning Performance Bonds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 329,274 | \$ 23,192 | \$ 118,113 | \$ 234,353 |
| Liabilities | | | | |
| Payable to others | \$ 329,274 | \$ 23,192 | \$ 118,113 | \$ 234,353 |
| Inland/Wetland Performance Bonds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 176,668 | \$ 239,232 | \$ 2,018 | \$ 413,882 |
| Liabilities | | | | |
| Payable to others | \$ 176,668 | \$ 239,232 | \$ 2,018 | \$ 413,882 |
| Total Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 891,693 | \$ 1,737,191 | \$ 1,582,407 | \$ 1,046,477 |
| Liabilities | | | | |
| Due to student groups | \$ 368,104 | \$ 1,448,041 | \$ 1,428,448 | \$ 387,697 |
| Payable to others | 523,589 | 289,150 | 153,959 | 658,780 |
| | <u>\$ 891,693</u> | <u>\$ 1,737,191</u> | <u>\$ 1,582,407</u> | <u>\$ 1,046,477</u> |

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Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

Town of Stratford, Connecticut

TABLE 1

Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year (\$ in 000's) | | | | | | | | | |
|--|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 82,429 | \$ 58,172 | \$ 57,747 | \$ 49,667 | \$ 46,587 | \$ 45,101 | \$ 51,011 | \$ 51,351 | \$ 43,229 | \$ 38,060 |
| Restricted | 2,793 | 2,527 | 2,407 | 2,543 | 2,279 | 2,187 | 2,611 | 3,018 | 2,771 | - |
| Unrestricted | (69,279) | (37,138) | (47,371) | (46,500) | (36,777) | (20,284) | (35,633) | (42,043) | (34,058) | (22,914) |
| Total governmental activities net position | \$ 15,943 | \$ 23,561 | \$ 12,783 | \$ 5,710 | \$ 12,089 | \$ 27,004 | \$ 17,989 | \$ 12,326 | \$ 11,942 | \$ 15,146 |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 18,134 | \$ 19,149 | \$ 19,806 | \$ 20,691 | \$ 21,674 | \$ 26,998 | \$ 29,187 | \$ 37,156 | \$ 16,638 | \$ 14,657 |
| Unrestricted | 6,094 | 6,710 | 6,615 | 8,475 | 12,145 | 9,200 | 6,419 | (9,414) | 6,936 | 8,730 |
| Total business-type activities net position | \$ 24,227 | \$ 25,859 | \$ 26,421 | \$ 29,166 | \$ 33,819 | \$ 36,198 | \$ 35,606 | \$ 27,742 | \$ 23,574 | \$ 23,387 |
| Total Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 100,563 | \$ 77,321 | \$ 77,553 | \$ 70,358 | \$ 68,261 | \$ 72,099 | \$ 80,198 | \$ 88,507 | \$ 59,867 | \$ 52,717 |
| Restricted | 2,793 | 2,527 | 2,407 | 2,543 | 2,279 | 2,187 | 2,611 | 3,018 | 2,771 | - |
| Unrestricted | (63,185) | (30,428) | (40,756) | (38,025) | (24,632) | (11,084) | (29,214) | (51,457) | (27,122) | (14,184) |
| Total net position | \$ 40,171 | \$ 49,420 | \$ 39,204 | \$ 34,876 | \$ 45,908 | \$ 63,202 | \$ 53,595 | \$ 40,068 | \$ 35,516 | \$ 38,533 |

Town of Stratford, Connecticut

Changes In Net Position
Last Ten Fiscal Years
(In Thousands)
(Unaudited)

| | Fiscal Year | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ (30,840) | \$ (38,354) | \$ (38,445) | \$ (38,499) | \$ (35,722) |
| Human development | (8,518) | (8,852) | (9,029) | (8,033) | (7,227) |
| Physical development | (15,320) | (18,900) | (15,466) | (15,099) | (15,466) |
| Public safety | (35,654) | (24,111) | (23,712) | (29,459) | (23,314) |
| Education | (127,895) | (115,002) | (114,759) | (115,686) | (113,161) |
| Debt service | (9,636) | (4,548) | (3,484) | (6,033) | (7,470) |
| Total governmental activities expenses | (227,863) | (209,767) | (204,895) | (212,809) | (202,360) |
| Business-type activities: | | | | | |
| Waste operating | (10,560) | (10,106) | (9,654) | (11,685) | (9,864) |
| Other | (2,324) | (2,225) | (1,745) | (1,739) | (1,559) |
| Total business-type activities expenses | (12,883) | (12,331) | (11,399) | (13,424) | (11,423) |
| Total primary government expenses | (240,746) | (222,098) | (216,294) | (226,233) | (213,783) |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General Government | 2,238 | 1,997 | 2,201 | 1,652 | 1,239 |
| Human development | 3,907 | 3,811 | 3,844 | 4,132 | 4,087 |
| Physical development | 1,810 | 749 | 619 | 876 | 936 |
| Public safety | 1,412 | 1,512 | 1,462 | 1,422 | 1,262 |
| Education | 2,668 | 2,232 | 2,294 | 2,135 | 2,251 |
| Operating grants and contributions: | 42,140 | 41,710 | 43,581 | 40,374 | 38,694 |
| Capital grants and contributions: | 4,813 | 3,206 | - | 146 | 226 |
| Total governmental activities program revenue | 58,987 | 55,217 | 54,001 | 50,737 | 48,695 |
| Business-type activities: | | | | | |
| Charges for services: | 11,932 | 11,998 | 9,215 | 8,890 | 8,277 |
| Capital grants and contributions | - | 348 | 13 | 518 | 1,285 |
| Total business-type activities program revenues | 11,932 | 12,346 | 9,228 | 9,408 | 9,562 |
| Total primary government program revenues | 70,920 | 67,563 | 63,229 | 60,145 | 58,257 |

TABLE 2

| | Fiscal Year | | | | |
|--|-------------------|------------------|------------------|--------------------|-------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Net (Expense) Revenue | | | | | |
| Governmental activities | (168,875) | (154,550) | (150,894) | (162,072) | (153,665) |
| Business-type activities | (951) | 15 | (2,171) | (4,016) | (1,861) |
| Total primary government net expense | (169,826) | (154,535) | (153,065) | (166,088) | (155,526) |
| General Revenues and Other | | | | | |
| Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Property taxes | 158,477 | 156,673 | 152,523 | 150,503 | 143,292 |
| Grants and contributions not restricted to specific programs | 1,750 | 6,152 | 3,948 | 3,986 | 4,209 |
| Unrestricted investment earnings | 349 | 209 | 1 | 453 | 619 |
| Miscellaneous | - | 1,695 | 894 | 72 | 29 |
| Transfers | 681 | 600 | 600 | 680 | 602 |
| Total governmental activities | 161,257 | 165,329 | 157,966 | 155,694 | 148,751 |
| Business-type activities: | | | | | |
| Property transfer | - | - | - | - | - |
| Unrestricted investment earnings | - | 23 | 27 | 42 | 85 |
| Grants and contributions not restricted | - | - | - | - | - |
| Transfers | (681) | (600) | (600) | (680) | (602) |
| Total business-type activities | (681) | (577) | (573) | (638) | (517) |
| Total primary government | 160,576 | 164,752 | 157,393 | 155,056 | 148,234 |
| Changes in Net Position | | | | | |
| Governmental activities | (7,618) | 10,779 | 7,072 | (6,378) | (4,914) |
| Business-type activities | (1,632) | (562) | (2,744) | (4,654) | (2,378) |
| Total primary government | \$ (9,250) | \$ 10,217 | \$ 4,328 | \$ (11,032) | \$ (7,292) |

(Continued)

Town of Stratford, Connecticut

Changes In Net Position
 Last Ten Fiscal Years
 (In Thousands)
 (Unaudited)

| | Fiscal Year | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ (27,808) | \$ (32,424) | \$ (33,510) | \$ (33,698) | \$ (11,164) |
| Human development | (7,347) | (6,426) | (6,628) | (7,671) | (7,993) |
| Physical development | (16,734) | (15,742) | (15,483) | (17,331) | (16,078) |
| Public safety | (23,053) | (22,943) | (21,777) | (20,302) | (23,735) |
| Education | (111,307) | (123,854) | (91,018) | (89,072) | (100,201) |
| Debt service | (7,242) | (7,588) | (7,605) | (7,049) | (7,859) |
| Total governmental activities expenses | (193,491) | (208,977) | (176,021) | (175,123) | (167,030) |
| Business-type activities: | | | | | |
| Waste operating | (8,490) | (5,624) | (3,842) | (4,473) | (4,512) |
| Other | (1,590) | (1,449) | (2,755) | (1,504) | (1,290) |
| Total business-type activities expenses | (10,080) | (7,073) | (6,597) | (5,977) | (5,802) |
| Total primary government expenses | (203,571) | (216,050) | (182,618) | (181,100) | (172,832) |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General Government | 1,010 | 1,646 | 8,994 | 7,329 | 4,742 |
| Human development | 2,783 | 4,376 | - | - | - |
| Physical development | 1,148 | 448 | - | - | - |
| Public safety | 1,117 | 2,072 | - | - | - |
| Education | 1,929 | 2,208 | - | - | - |
| Operating grants and contributions: | 39,737 | 61,968 | 28,496 | 30,325 | 28,380 |
| Capital grants and contributions: | 100 | 109 | 1,027 | 966 | 6,361 |
| Total governmental activities program revenue | 47,824 | 72,827 | 38,517 | 38,620 | 39,483 |
| Business-type activities: | | | | | |
| Charges for services: | 8,268 | 8,182 | 7,836 | 6,850 | 7,232 |
| Capital grants and contributions | 2,741 | 7,031 | 2,755 | 1,365 | 1,328 |
| Total business-type activities program revenues | 11,009 | 15,213 | 10,591 | 8,215 | 8,560 |
| Total primary government program revenues | 58,833 | 88,040 | 49,108 | 46,835 | 48,043 |

TABLE 2

| | Fiscal Year | | | | |
|--|------------------|------------------|------------------|-------------------|------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Net (Expense) Revenue | | | | | |
| Governmental activities | (145,667) | (136,150) | (137,504) | (136,503) | (127,547) |
| Business-type activities | 929 | 8,140 | 3,994 | 2,238 | 2,758 |
| Total primary government net expense | (144,738) | (128,010) | (133,510) | (134,265) | (124,789) |
| General Revenues and Other | | | | | |
| Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Property taxes | 139,086 | 135,680 | 128,772 | 120,955 | 118,321 |
| Grants and contributions not restricted to specific programs | 4,203 | 4,269 | 6,170 | 3,099 | 3,948 |
| Unrestricted investment earnings | 830 | 1,311 | 2,719 | 5,939 | 8,989 |
| Miscellaneous | - | - | - | - | - |
| Transfers | 562 | 553 | 229 | 223 | - |
| Total governmental activities | 144,681 | 141,813 | 137,890 | 130,216 | 131,258 |
| Business-type activities: | | | | | |
| Property transfer | - | - | - | 281 | - |
| Unrestricted investment earnings | 225 | 277 | 402 | - | - |
| Grants and contributions not restricted | - | - | - | (1,066) | 172 |
| Transfers | (562) | (553) | (229) | (223) | - |
| Total business-type activities | (337) | (276) | 173 | (1,008) | 172 |
| Total primary government | 144,344 | 141,537 | 138,063 | 129,208 | 131,430 |
| Changes in Net Position | | | | | |
| Governmental activities | (986) | 5,663 | 386 | (6,287) | 3,711 |
| Business-type activities | 592 | 7,864 | 4,167 | 1,230 | 2,930 |
| Total primary government | \$ (394) | \$ 13,527 | \$ 4,553 | \$ (5,057) | \$ 6,641 |

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)**

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ 1,894 | \$ 2,363 | \$ 3,469 | \$ 1,696 | \$ 1,017 | \$ 665 |
| Unreserved | - | - | - | - | 6,604 | 8,438 | 8,220 | 8,148 | 7,232 | 8,347 |
| Nonspendable | 670 | - | - | - | - | - | - | - | - | - |
| Restricted | 116 | - | - | - | - | - | - | - | - | - |
| Assigned | 612 | 1,666 | 2,284 | 2,322 | - | - | - | - | - | - |
| Unassigned | 9,006 | 9,497 | 8,790 | 6,261 | - | - | - | - | - | - |
| Total general fund | \$ 10,403 | \$ 11,163 | \$ 11,074 | \$ 8,583 | \$ 8,498 | \$ 10,801 | \$ 11,689 | \$ 9,844 | \$ 8,249 | \$ 9,012 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ 24 | \$ 24 | \$ 24 | \$ 24 | \$ 106,715 | \$ 104,901 |
| Unreserved | - | - | - | - | 23,026 | 19,292 | 17,650 | 11,563 | 14,551 | 16,010 |
| Nonspendable | 29 | 28 | 32 | 33 | - | - | - | - | - | 8,953,161 |
| Restricted | 3,344 | 3,011 | 2,784 | 2,777 | - | - | - | - | - | - |
| Committed | 8,953 | 20,612 | 18,045 | 24,116 | - | - | - | - | - | (568,537) |
| Unassigned | (569) | (595) | (338) | (419) | - | - | - | - | - | - |
| Total all other governmental funds | \$ 11,758 | \$ 23,056 | \$ 20,523 | \$ 26,507 | \$ 23,050 | \$ 19,316 | \$ 17,674 | \$ 11,587 | \$ 121,266 | \$ 8,505,535 |

Note: Schedule prepared on the modified accrual basis of accounting.

Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|--------------------|-----------------|-------------------|-----------------|-----------------|----------------|-----------------|---------------------|----------------|-----------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues | | | | | | | | | | |
| Property taxes and assessments | \$ 158,063 | \$ 154,248 | \$ 153,069 | \$ 150,408 | \$ 140,553 | \$ 139,446 | \$ 135,778 | \$ 131,776 | \$ 121,853 | \$ 119,024 |
| Intergovernmental | 49,273 | 50,978 | 47,876 | 45,050 | 43,636 | 42,929 | 69,422 | 36,908 | 36,955 | 35,685 |
| Department revenue | 5,445 | 4,935 | 5,028 | 4,949 | 5,154 | 4,564 | 5,445 | 5,452 | 5,362 | 5,186 |
| Licenses and permits | 1,076 | 961 | 760 | 831 | 653 | 685 | 755 | 895 | 794 | 883 |
| Investment income | 349 | 209 | 1 | 454 | 351 | 830 | 1,310 | 2,838 | 5,939 | 7,528 |
| Other | 5,514 | 5,842 | 5,661 | 4,543 | 4,265 | 4,694 | 4,452 | 3,990 | 3,125 | 4,683 |
| Total revenues | 219,719 | 217,173 | 212,395 | 206,235 | 194,612 | 193,148 | 217,162 | 181,859 | 174,028 | 172,989 |
| Expenditures | | | | | | | | | | |
| Administration | 4,247 | 4,115 | 4,421 | 4,354 | 4,534 | 4,369 | 4,207 | 3,566 | 3,403 | 3,057 |
| Contingency | 4,203 | 2,853 | 3,031 | 2,087 | 2,256 | 2,137 | 2,545 | 3,212 | 3,499 | 3,883 |
| Employee benefits | 181,535 | 27,030 | 26,010 | 25,324 | 21,169 | 19,096 | 18,522 | 122,928 | 17,109 | 14,577 |
| Finance | 2,219 | 1,956 | 2,115 | 2,015 | 1,890 | 1,969 | 1,825 | 1,729 | 1,731 | 1,828 |
| Human development | 7,375 | 8,087 | 8,554 | 7,762 | 7,032 | 7,082 | 6,184 | 6,310 | 7,008 | 9,181 |
| Physical development | 14,228 | 16,260 | 13,222 | 13,422 | 13,644 | 15,337 | 14,557 | 13,361 | 11,417 | 12,015 |
| Public safety | 23,789 | 23,630 | 22,487 | 22,389 | 21,673 | 22,025 | 22,001 | 21,148 | 19,668 | 18,721 |
| Education | 115,647 | 112,560 | 110,889 | 107,915 | 104,512 | 102,140 | 122,241 | 90,911 | 86,860 | 78,751 |
| Capital outlay | 20,305 | 23,392 | 19,134 | 11,143 | 8,056 | 8,800 | 6,421 | 5,825 | 10,953 | 11,993 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 16,672 | 14,275 | 13,683 | 12,336 | 12,131 | 11,276 | 14,506 | 12,536 | 12,190 | 12,520 |
| Interest and other charges | 5,812 | 4,828 | 3,614 | 7,013 | 7,452 | 7,455 | 7,569 | 8,646 | 7,563 | 8,390 |
| Total expenditures | 396,032 | 238,986 | 227,160 | 215,760 | 204,349 | 201,686 | 220,578 | 290,172 | 181,401 | 174,916 |
| Excess of revenue over (under) expenditures | (176,313) | (21,813) | (14,765) | (9,525) | (9,737) | (8,538) | (3,416) | (108,313) | (7,373) | (1,927) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 6,482 | 2,580 | 2,091 | 2,402 | 2,587 | 2,790 | 1,958 | 1,747 | 902 | - |
| Transfers out | (5,801) | (1,980) | (1,491) | (1,722) | (1,985) | (2,229) | (1,405) | (1,518) | (678) | - |
| Proceeds from capital leases | 253 | 2,097 | 2,300 | - | - | - | - | - | 42 | - |
| Payments to escrow agents | (18,139) | - | (19,325) | (66,088) | (22,906) | - | - | - | - | - |
| Proceeds from refunding bonds | 16,418 | - | 18,062 | 65,572 | 21,825 | - | - | - | - | - |
| Premiums on refunding | - | - | 1,424 | 935 | 1,262 | - | - | - | - | - |
| Bonds issued | 163,137 | 21,475 | 8,212 | 11,700 | 10,385 | 8,730 | 10,795 | - | 7,365 | 11,105 |
| Premiums on bonds | 1,905 | 263 | - | 267 | - | - | - | - | - | - |
| Total other financing sources (uses) | 164,255 | 24,435 | 11,273 | 13,066 | 11,168 | 9,291 | 11,348 | 229 | 7,631 | 11,105 |
| Net changes in fund balances | \$ (12,058) | \$ 2,622 | \$ (3,492) | \$ 3,541 | \$ 1,431 | \$ 753 | \$ 7,932 | \$ (108,084) | \$ 258 | \$ 9,178 |
| Debt service as a percentage of noncapital expenditures | 6.0% | 8.7% | 9.0% | 10.5% | 11.1% | 10.8% | 11.5% | 8.0% | 13.1% | 14.7% |

Note: Schedule prepared on the modified accrual basis of accounting.

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

| Fiscal Year | Grand List Year | Real Property | | | | | FYI [Exemptions*] | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Assessed Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|-------------|-----------------|------------------|----------------|-------------------|----------------|---------------|-------------------|------------------------------|-----------------------|---|--|
| | | Residential | Commercial | Personal Property | Motor Vehicle | Vacant Land | | | | | |
| 2014 | 2012 | \$ 3,596,965,670 | \$ 768,877,270 | \$ 459,170,270 | \$ 314,680,673 | \$ 68,079,820 | \$ 676,320,015 | \$ 4,531,453,688 | 34.64 | \$ 5,207,773,703 | 87% |
| 2013 | 2011 | \$ 3,581,639,410 | \$ 777,220,780 | \$ 453,255,181 | \$ 320,711,877 | \$ 65,140,265 | \$ 672,951,970 | \$ 4,525,015,543 | 34.48 | \$ 5,197,967,513 | 87% |
| 2012 | 2010 | 3,570,829,400 | 785,349,560 | 441,827,463 | 301,629,984 | 68,917,280 | 655,421,799 | 4,513,131,888 | 34.15 | 5,168,553,687 | 87% |
| 2011 | 2009 | 3,556,241,420 | 823,073,260 | 437,012,137 | 291,330,813 | 71,772,455 | 617,750,252 | 4,561,679,833 | 33.32 | 5,179,430,085 | 88% |
| 2010 | 2008 | 3,703,369,750 | 686,179,150 | 387,991,848 | 292,972,012 | 56,160,560 | 500,062,834 | 4,626,610,486 | 30.36 | 5,126,673,320 | 90% |
| 2009 | 2007 | 3,677,306,412 | 677,498,179 | 324,965,038 | 301,530,992 | 58,273,060 | 463,854,444 | 4,575,719,237 | 30.51 | 5,039,573,681 | 91% |
| 2008 | 2006 | 3,651,929,210 | 628,681,490 | 296,714,314 | 294,560,508 | 89,108,960 | 433,404,716 | 4,527,589,766 | 30.12 | 4,960,994,482 | 91% |
| 2007 | 2005 | 3,631,734,170 | 632,049,890 | 304,253,994 | 293,947,103 | 85,046,980 | 394,716,674 | 4,552,315,463 | 28.86 | 4,947,032,137 | 92% |
| 2006 | 2004 | 3,609,325,020 | 614,535,100 | 305,312,078 | 274,033,287 | 97,687,100 | 430,234,380 | 4,470,658,205 | 26.98 | 4,900,892,585 | 91% |
| 2005 | 2003 | 2,119,464,040 | 546,675,090 | 284,056,665 | 259,928,790 | 35,716,600 | 79,465,680 | 3,166,375,505 | 36.99 | 3,245,841,185 | 98% |

Source: Town of Stratford, Office of Tax Assessor

Notes: (1) Totals as certified by Tax Assessor at signing of Grand List prior to adjustments.

(2) Exemptions total includes exempt real property and all other classes of exemptions.

Town of Stratford, Connecticut

TABLE 6

Principal Property Taxpayers
Current Year and Nine Years Ago

| Taxpayer | FY2014 | | | Taxpayer | FY2005 | | |
|---------------------------------------|------------------------------------|------|---|----------------------------|------------------------------------|------|---|
| | Taxable Assessed Value * (\$000's) | Rank | Percentage of Total Town Taxable Assessed Value | | Taxable Assessed Value * (\$000's) | Rank | Percentage of Total Town Taxable Assessed Value |
| Sikorsky Aircraft | \$ 95,049 | 1 | 2.09% | Sikorsky Aircraft | \$ 161,451 | 1 | 3.60% |
| United Illuminating | 75,418 | 2 | 1.65% | Dock Incorporated | 34,339 | 2 | 0.77% |
| Stonybrook Gardens Cooperative | 24,547 | 3 | 0.54% | Exxon Mobil Oil Corp. | 19,766 | 3 | 0.44% |
| Southern Connecticut Gas | 21,490 | 4 | 0.47% | Merritt 8 Acquisitions LLC | 19,110 | 4 | 0.43% |
| Second Avenue Development LLC | 18,007 | 6 | 0.40% | Dresser Industries | 18,095 | 6 | 0.40% |
| UB Dockside LLC (Urstadt Biddle Prop) | 16,450 | 5 | 0.36% | William B. Meyer, Inc. | 16,520 | 5 | 0.37% |
| Kramont Operating Partnership | 14,000 | 7 | 0.31% | United Illuminating Co. | 15,734 | 7 | 0.35% |
| Home Depot | 13,650 | 8 | 0.30% | Stonybrook Gardens Inc. | 14,247 | 8 | 0.32% |
| Merritt 8 Acquisitions, LLC | 13,157 | 9 | 0.29% | CMAT | 13,879 | 9 | 0.31% |
| UB Railside LLC (Urstadt Biddle Prop) | 12,661 | 10 | 0.28% | CSC Rental Inc. | 13,563 | 10 | 0.30% |
| TOTAL | \$ 304,429 | | 6.69% | TOTAL | \$ 326,704 | | 7.29% |

Source: Town of Stratford, Office of Tax Assessor
* Net taxable assessed value

TABLE 7

Town of Stratford, Connecticut

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

| Fiscal Year | Governmental | | Business-Type | | | Total Primary Government | Ratio of Debt to Taxable Assessed Value | Debt Per Capita | Total Debt Outstanding as a percentage of Personal Income |
|-------------|--------------------------|----------|---------------|-----------|--------|--------------------------|---|-----------------|---|
| | General Obligation Bonds | Leases | Operating | Notes | Leases | | | | |
| 2014 | \$ 283,584 | \$ 1,214 | \$ 2,048 | \$ 37,983 | \$ 51 | \$ 324,880 | 6.20 % | \$ 6 | 18.7% |
| 2013 | 138,814 | 1,841 | 2,118 | 40,431 | - | 183,204 | 4.05 | 3 | 10.6% |
| 2012 | 129,614 | 2,300 | 1,993 | 42,682 | - | 176,589 | 4.74 | 3 | 10.6% |
| 2011 | 135,894 | - | 2,069 | 44,976 | - | 182,939 | 4.01 | 3 | 11.0% |
| 2010 | 134,394 | - | 2,182 | 2,756 | - | 139,332 | 3.01 | 3 | 10.5% |
| 2009 | 136,814 | 3 | 2,276 | 3,095 | - | 142,188 | 3.11 | 3 | 10.5% |
| 2008 | 139,360 | 13 | 2,370 | 3,427 | - | 145,170 | 3.19 | 3 | 10.8% |
| 2007 | 143,071 | 26 | 599 | 1,963 | - | 145,659 | 3.17 | 3 | 10.8% |
| 2006 | 155,782 | 39 | 893 | 2,208 | - | 158,922 | 3.46 | 3 | 11.8% |
| 2005 | 161,078 | 21 | 1,187 | 2,449 | - | 164,735 | 5.07 | 3 | 12.2% |

Town of Stratford, Connecticut

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands)

| <u>Fiscal Year Ended June 30</u> | <u>General Obligation Bonds</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Value of Property</u> | <u>Debt Per Capita</u> |
|--|---|---|--------------|---|--------------------------------|
| 2014 | \$ 285,632 | \$ 3,887 | \$ 281,745 | 6.22 % | \$ 5 |
| 2013 | 140,932 | - | 140,932 | 3.11 | 3 |
| 2012 | 131,607 | - | 131,607 | 2.92 | 3 |
| 2011 | 137,963 | - | 137,963 | 3.02 | 3 |
| 2010 | 136,576 | - | 136,576 | 2.95 | 3 |
| 2009 | 139,090 | - | 139,090 | 3.04 | 3 |
| 2008 | 141,730 | - | 141,730 | 3.13 | 3 |
| 2007 | 143,670 | - | 143,670 | 3.16 | 3 |
| 2006 | 156,675 | - | 156,675 | 3.50 | 3 |
| 2005 | 162,265 | - | 162,265 | 5.12 | 3 |

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

| | |
|---|--------------------------|
| Total tax collections (including interest and lien fees) for the year ended June 30, 2014 | \$ 156,975 |
| Reimbursement for revenue loss on: | |
| Tax relief for elderly | <u>6</u> |
| BASE | <u><u>\$ 156,981</u></u> |

| | General Purpose | Schools | Sewer & Water | Urban Renewal | Unfunded Pension Benefit Obligation |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--|
| Debt Limitation | | | | | |
| 2-1/4 times base | \$ 353,207 | \$ - | \$ - | \$ - | \$ - |
| 4-1/2 times base | - | 706,415 | - | - | - |
| 3-3/4 times base | - | - | 588,679 | - | - |
| 3-1/4 times base | - | - | - | 510,188 | - |
| 3 times base | - | - | - | - | 470,943 |
| Total debt limitation | <u>353,207</u> | <u>706,415</u> | <u>588,679</u> | <u>510,188</u> | <u>470,943</u> |
| Indebtedness | | | | | |
| Bonds payable | 64,492 | 27,826 | 489 | - | 192,825 |
| Bonds authorized, unissued | 23,502 | 83,443 | 1,327 | - | - |
| Clean Water Fund notes | - | - | 37,983 | - | - |
| Grant commitments | - | (1,026) | - | - | - |
| Total indebtedness | <u>87,994</u> | <u>110,243</u> | <u>39,799</u> | <u>-</u> | <u>192,825</u> |
| Debt Limitation in Excess of Outstanding and Authorized Indebtedness | <u><u>\$ 265,213</u></u> | <u><u>\$ 596,172</u></u> | <u><u>\$ 548,880</u></u> | <u><u>\$ 510,188</u></u> | <u><u>\$ 278,118</u></u> |

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,098.9 million).

Note 2: Bonds authorized-unissued represents bond authorizations for projects that have bond anticipation notes outstanding or for which bonds have been authorized and partially issued.

TABLE 10

Town of Stratford, Connecticut

Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

| | FISCAL YEAR | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Debt limitation | \$ 1,098,867 | \$ 1,077,251 | \$ 1,074,213 | \$ 1,049,881 | \$ 980,203 | \$ 970,067 | \$ 939,939 | \$ 919,149 | \$ 849,478 | \$ 818,526 |
| Total net debt applicable to limit | <u>430,861</u> | <u>257,927</u> | <u>253,557</u> | <u>260,439</u> | <u>203,804</u> | <u>189,096</u> | <u>142,126</u> | <u>189,828</u> | <u>200,093</u> | <u>218,272</u> |
| Legal Debt Margin | <u>\$ 668,006</u> | <u>\$ 819,324</u> | <u>\$ 820,656</u> | <u>\$ 789,442</u> | <u>\$ 776,399</u> | <u>\$ 780,971</u> | <u>\$ 797,813</u> | <u>\$ 729,321</u> | <u>\$ 649,385</u> | <u>\$ 600,254</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 39.21% | 23.94% | 23.60% | 24.81% | 20.79% | 19.49% | 15.12% | 20.65% | 23.55% | 26.67% |

Source: Comprehensive annual financial report - Computation of Legal Debt Margin

Note: See Table 9 for calculation of current year debt limitation.

**Demographic and Economic Statistics
Last Ten Calendar Years**

| <u>Calendar Year</u> | <u>Population(1)</u> | <u>Per Capita Income(2)</u> | <u>Median Age(3)</u> | <u>School Enrollment(4)</u> | <u>Unemployment Rate(5)</u> | <u>PERSONAL INCOME</u> |
|----------------------|----------------------|-----------------------------|----------------------|-----------------------------|-----------------------------|------------------------|
| 2014 | 51,384 | \$ 33,805 | 42.5 | 7,198 | 6.4% | 1,737,036,120 |
| 2013 | 51,384 | 33,716 | 42.2 | 7,411 | 8.7% | 1,732,462,944 |
| 2012 | 51,384 | 32,357 | 41.1 | 7,407 | 10.5% | 1,662,632,088 |
| 2011 | 51,384 | 32,357 | 41.1 | 7,234 | 7.4% | 1,662,632,088 |
| 2010 | 48,952 | 27,000 | 40.3 | 7,435 | 9.4% | 1,321,704,000 |
| 2009 | 49,976 | 27,000 | 40.3 | 7,496 | 7.9% | 1,349,352,000 |
| 2008 | 49,976 | 27,000 | 40.3 | 7,534 | 5.5% | 1,349,352,000 |
| 2007 | 49,976 | 27,000 | 40.3 | 7,505 | 4.5% | 1,349,352,000 |
| 2006 | 49,976 | 27,000 | 40.3 | 7,483 | 4.5% | 1,349,352,000 |
| 2005 | 49,976 | 27,000 | 40.3 | 7,571 | 5.3% | 1,349,352,000 |

(1) Source: U.S. Census Bureau - 2010 Census

(2) Source: U.S. Census Bureau

(3) Source: U.S. Census Bureau

(4) Source: Town of Stratford, BOE

(5) Source: State of Connecticut Dept. of Labor - Office of Research - Labor Market Info. [LMI]

**Principal Employers
2014 and 2005
(Unaudited)**

| <u>Business Name</u> | <u>Nature of Business</u> | <u>2014</u> | | | <u>2005</u> | | |
|--|--------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Town Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Town Employment</u> |
| Sikorsky Aircraft | Manufacturer of Helicopters | 6,500 | 1 | 26.11% | 7,000 | 1 | 28.97% |
| Town of Stratford | Government/Education | 1,396 | 2 | 5.61% | 1,322 | 2 | 5.47% |
| United Parcel Service | Package Delivery | 590 | 3 | 2.37% | 415 | 6 | 1.72% |
| Lord Chamberlain | Skilled Nursing Facility | 458 | 4 | 1.84% | 360 | 8 | 1.49% |
| Ashcroft Holdings | Manufacturer of Gauges, Valves | 418 | 5 | 1.68% | NA | - | NA |
| Cablevision | Cable Television, Internet, Telecom. | 400 | 6 | 1.61% | NA | - | NA |
| Aptar | Manufacturer Pump Atomizers | 287 | 7 | 1.15% | NA | - | NA |
| Connecticut Distributor | Liquor Distributor | 260 | 8 | 1.04% | NA | - | NA |
| AT&T | Telecommunications | 250 | 9 | 1.00% | NA | - | NA |
| Bridgeport Fittings | Manufacture Electrical Fittings | 200 | 10 | 0.80% | 240 | 10 | NA |
| Stratford Retailers Condo Assoc. LLC Retailers | Retail Chains | NA | - | NA | 635 | 3 | 2.63% |
| Dresser Industries, Inc | Manufacturer of Gauges, Valves | NA | - | NA | 467 | 4 | 1.93% |
| Dianon systems Inc. | Laboratory Testing | NA | - | NA | 450 | 5 | 1.86% |
| Stop & Shop | Supermarket Chain | NA | - | NA | 365 | 7 | 1.51% |
| SBC | Telecommunications | NA | - | NA | 250 | 9 | 1.03% |
| Total | | <u>10,759</u> | | <u>43.22%</u> | <u>11,504</u> | | <u>46.62%</u> |
| Total Employment | | <u>24,891</u> | | | <u>24,163</u> | | |

Source: Town of Stratford, Office of Community Development
NA- Not Applicable

**Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)**

| Function/Program | Full-Time-Equivalent Employees as of June 30, | | | | | | | | | |
|---------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General government | 78 | 83 | 64 | 89 | 90 | 86 | 75 | 71 | 96 | 82 |
| Police | 111 | 106 | 117 | 116 | 116 | 108 | 111 | 112 | 119 | 117 |
| Fire | 109 | 117 | 111 | 100 | 100 | 104 | 111 | 117 | 96 | 99 |
| Refuse collection | 29 | 28 | 29 | 32 | 32 | 31 | 33 | 33 | 30 | 28 |
| Other public works | 74 | 67 | 76 | 64 | 64 | 65 | 76 | 77 | 64 | 69 |
| Parks | 23 | 16 | 21 | 24 | 26 | 23 | 25 | 27 | 19 | 20 |
| Recreation | 5 | 3 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 6 |
| Library | <u>26</u> | <u>26</u> | <u>29</u> | <u>27</u> | <u>27</u> | <u>28</u> | <u>26</u> | <u>29</u> | <u>26</u> | <u>28</u> |
| Total Non-Education | <u>455</u> | <u>446</u> | <u>453</u> | <u>459</u> | <u>462</u> | <u>452</u> | <u>464</u> | <u>473</u> | <u>457</u> | <u>449</u> |
| Education | <u>891</u> | <u>890</u> | <u>864</u> | <u>847</u> | <u>844</u> | <u>843</u> | <u>864</u> | <u>838</u> | <u>832</u> | <u>833</u> |
| Total Including Education | <u>1,346</u> | <u>1,336</u> | <u>1,317</u> | <u>1,306</u> | <u>1,306</u> | <u>1,295</u> | <u>1,328</u> | <u>1,311</u> | <u>1,289</u> | <u>1,282</u> |

Source: Town of Stratford, Human Resource Department
Town of Stratford, Board of Education

**Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)**

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Government | | | | | | | | | | |
| Building permits issued | 736 | 749 | 709 | 669 | 649 | 634 | 690 | 760 | 898 | 869 |
| Building inspections conducted | 3,426 | 3,151 | 3,090 | 3,188 | 3,136 | 3,186 | 3,475 | 2,947 | 2,964 | 2,868 |
| Police: | | | | | | | | | | |
| Physical arrests | 1,144 | 1,403 | 1,520 | 1,419 | 1,597 | 1,233 | 1,363 | 1,483 | 1,142 | 1,338 |
| Parking violations | 468 | 464 | 631 | 431 | 369 | 519 | 994 | 665 | n/a | 505 |
| Traffic violations | 1,767 | 2,158 | 2,595 | 2,969 | 4,009 | 4,259 | 3,611 | 3,033 | 2,891 | 3,043 |
| Fire | | | | | | | | | | |
| Emergency responses | 5,749 | 6,772 | 5,556 | 5,707 | 4,577 | 5,307 | 5,196 | 5,146 | 5,098 | 4,569 |
| Fires extinguished | 208 | 318 | 304 | 311 | 435 | 530 | 367 | 325 | 148 | 205 |
| Inspections | 1,941 | 1,992 | 1,747 | 1,216 | 665 | 1,200 | 1,111 | 1,112 | 595 | 625 |
| Refuse Collection | | | | | | | | | | |
| Refuse collected (tons per year) | 21,961 | 23,100 | 24,035 | 24,636 | 26,747 | 25,657 | 27,073 | 27,615 | 27,054 | 27,445 |
| Recyclables collected (tons per year) | 3,196 | 3,126 | 3,173 | 3,365 | 3,487 | 3,718 | 4,047 | 4,079 | 4,192 | 4,228 |
| Parks and Recreation | | | | | | | | | | |
| Athletic field permits issued | 9,304 | 9,570 | 9,379 | 10,192 | 8,851 | 8,781 | 9,437 | 8,939 | 10,003 | 9,406 |
| Community center admissions | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Library | | | | | | | | | | |
| Volumes in collection (Books & Serials) | 149,357 | 160,557 | 152,384 | 151,115 | 162,990 | 151,977 | 168,707 | 168,627 | 149,961 | 148,475 |
| Volumes in collection (All Other Items) | 18,352 | 19,837 | 17,783 | 16,009 | 15,641 | 17,322 | 18,100 | 16,837 | 15,375 | 14,821 |
| Total volumes borrowed (Books & Serials) | 277,195 | 279,641 | 292,047 | 286,470 | 288,835 | 263,750 | 278,624 | 236,528 | 246,455 | 253,909 |
| Total volumes borrowed (All Other Items) | 153,156 | 158,799 | 179,563 | 175,639 | 189,627 | 187,203 | 138,373 | 173,237 | 171,788 | 168,124 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 7,669 | 7,896 | 6,700 | 8,826 | 8,413 | 8,182 | 9,290 | 7,690 | 8,250 | 7,360 |

Source: Town of Stratford, Building/Engineering
Town of Stratford, Police Department
Town of Stratford, Fire Department
Town of Stratford, Public Works Department
Town of Stratford, Recreation Department
Town of Stratford, Library

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)**

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Zone offices | - | - | - | - | - | - | - | - | - | - |
| Patrol units (Number of Vehicles) | 33 | 32 | 32 | 30 | 30 | 29 | 28 | 25 | 19 | 19 |
| Fire Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Refuse Collection | | | | | | | | | | |
| Refuse collection trucks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Recycling collection trucks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Yard Waste Trucks | 2 | 2 | 2 | 2 | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 795 | 795 | 795 | 795 | 795 | 795 | 774 | 774 | 774 | 774 |
| Playgrounds | 27 | 27 | 27 | 27 | 27 | 27 | 23 | 23 | 28 | 28 |
| Baseball/softball diamonds | 42 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 48 | 48 |
| Soccer/football fields | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 9 | 9 |
| Community centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| Storm sewers (miles) | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |
| Treatment capacity (thousands of gallons) | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 11,500 | 11,500 | 11,500 | 11,500 |

Town of Stratford, Police Department
 Town of Stratford, Fire Department
 Town of Stratford, Public Works Department
 Town of Stratford, Recreation Department
 Town of Stratford, Engineering Department