

**Town of Stratford  
Connecticut**



**Comprehensive  
Annual Financial Report**

Fiscal Year Ended June 30, 2012

# **Comprehensive Annual Financial Report**

of the

## **Town of Stratford Connecticut**

Fiscal Year Ended June 30, 2012

Finance Department  
Susan Collier  
Finance Director

**TOWN OF STRATFORD, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2012**

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# **Introductory Section**

**TOWN OF STRATFORD, CONNECTICUT**

**PRINCIPAL TOWN OFFICIALS**

**John A. Harkins, Mayor**

**TOWN COUNCIL**

Joseph Kubic, Council Chair  
Christian M. Barnaby  
Stephanie D. Philips  
Matthew P. Catalano  
Jason W. Santo  
John M. Dempsey  
Kenneth Poisson  
Craig Budnick  
James J. Connor  
Paul Hoydick

**BOARD OF EDUCATION**

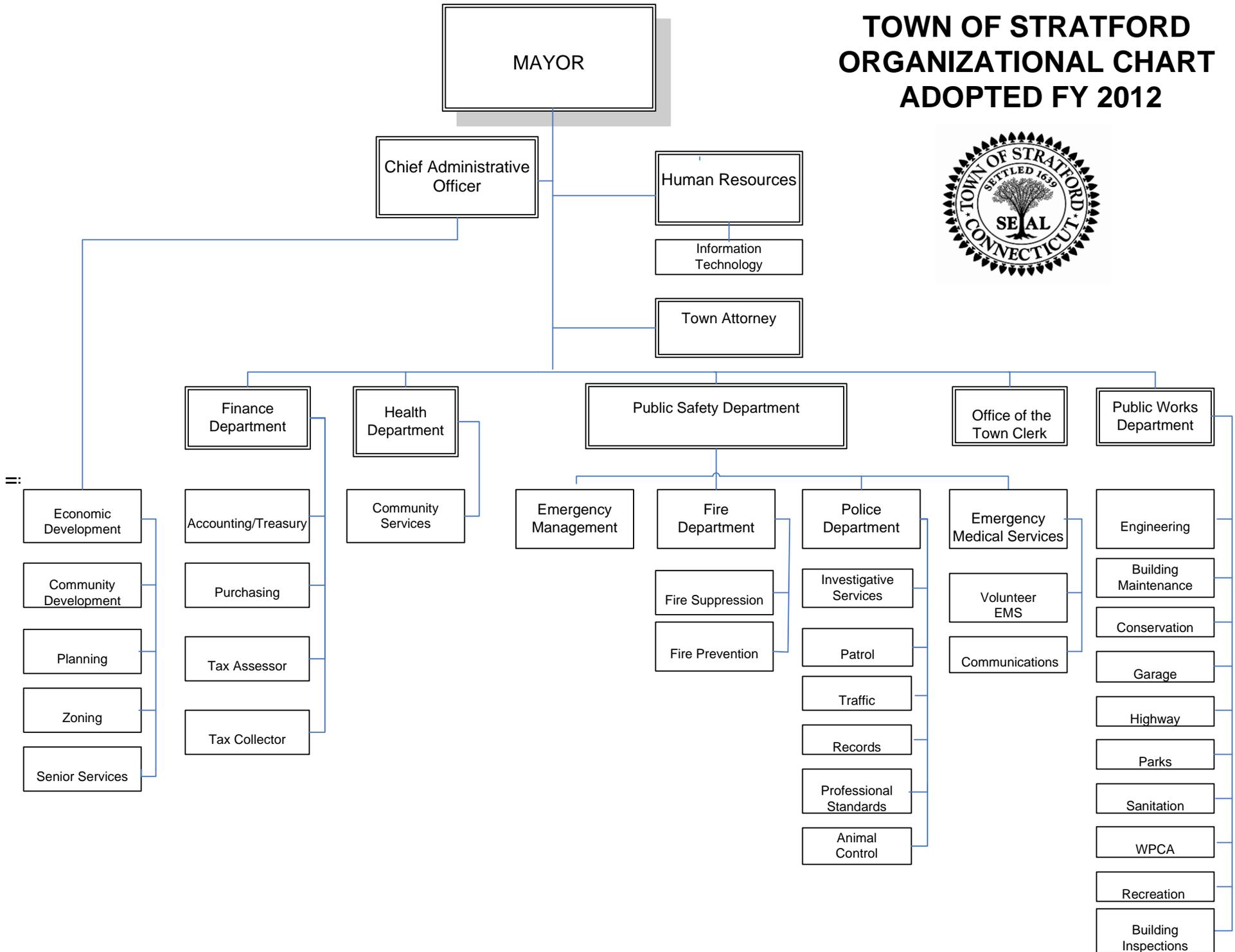
Chairman..... Gavin B. Forrester, III  
Vice-Chairman ..... Charles A. Lindberg  
Secretary .....Andrea Veilleux  
Board Member .....Joseph G. Crudo  
Board Member .....Jancee Pust-Marcone  
Board Member .....Robert Chaloux  
Board Member .....Janice O. Daponte

Irene Cornish, 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 2012



January 28, 2013

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

Connecticut law requires that all general-purpose local governments annually publish a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2012.

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.

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Stratford, Connecticut's financial statements for the year ended June 30, 2012. 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 7,600 employees. According to the company, its current workload is stable and the company has expressed an ongoing commitment to the Town.

Federal Government agencies and entities continue to seek interested parties for the development and remediation of the 77-acre Stratford Army Engine Plant site. The selection of a new developer is ongoing. The GSA and Army have vetted 11 potential developers down to two for Stratford Point. The final decision on a chosen developer for the 77 acres parcel should be announced in the near future. This will create a vast number of job opportunities as well as establish a stronger manufacturing base on the site and substantially increasing taxable revenue.

Stratford Land Development has completed its West Campus site, which includes over a million square feet of commercial space, including a FedEx Regional Distribution Center. Stratford Land Development is currently negotiating on three major development projects for its 42-acre East Campus site. Stratford Land Development has requested and received a zoning change to allow bio-medical and pharmaceutical development on the East Campus site.

A strategic purchase of the former U.S. Baird Corporation site on Stratford Avenue is underway in connection with the proposed development of a "micro-beer brewery". Town officials have been working with the developers for the past several months to bring this new business to the Town.

The Two Roads Brewery [a "micro-beer brewery"] re-developed the historic U.S. Baird property. The brewery was partially funded by a \$500,000 grant from the Department of Economic Community Development. The brewery was also awarded a \$1,000,000 loan from the CDA. Major renovations and alterations were undertaken at the facility, which included equipment for the brewing of beer, as well as the creation of a tasting and viewing center as a visitor's destination. This destination brewery is expected to bring approximately 60 new jobs to the Town. The brewery began crafting beer in September and opened the Tasting Room and retail store in October 2012.

Governor Malloy's Small Business Express Program just recently awarded \$100,000 grants to Jupiter Communications and Domack Restoration, LLC to help each of them expand and create job opportunities in Stratford.

Stratford was one of two towns in the State of Connecticut to be awarded a \$400,000 Brownfields grant from the EPA to help the Town prioritize its Brownfields.

In an effort to resolve the ongoing negotiations with the City of Bridgeport over Sikorsky Airport, Mayor John Harkins and the Mayor of Bridgeport met in June with the US Secretary Department of Transportation, Ray LaHood. Included in the meeting were representatives from the FAA and Governor Malloy's office. The Town is very positive that a mutually positive and beneficial agreement can be agreed upon between the Town and the City of Bridgeport.

Two separate ambulatory health-care facilities have targeted Stratford for relocation. One firm is seeking to purchase an existing facility and the other firm is seeking to build a new facility. Both firms are well into negotiations on the respective properties. In addition, several large commercial and industrial agreements are pending closure, which will generate employment and tax revenue opportunities.

Additionally, the Town is anticipating a final report from New York based Arts Consulting Group on the viability of reviving the Shakespeare Theater.

Finally, Town-wide beautification projects continue to bring significant returns to the appearance and economic vibrancy of the Town. Streetscapes of Barnum Avenue and Main Street are drawing to a close. The addition of a federally funded Greenway for pedestrians, bike riders and runners along the Town's water way and Long Island Sound has added to the image of the Town as a hometown for young professionals and families. Many years of hard work paid off when the federally funded Greenway opened May 19, 2012. The Greenway spans the Town's coastline and attracts pedestrians, bikers and runners.

### ***Recent Town Operations***

The Town, through its elected and administrative officials, continues to review, redefine and in some cases, restructure various approaches in policy and practice in order to effectively manage critical issues. The following are some of the issues the Town has dealt with in the recent past.

In fiscal year 2002-03, the Town of Stratford began budgeting and paying principal and interest on its Pension Obligation Bonds directly from the General Fund. The Pension Obligation Bonds were originally issued in 1998 to offset the Town's unfunded pension liability. For the three fiscal years following the

issuance of the Pension Obligation Bonds, per the Town Ordinance authorizing the issuance of the Pension Obligation Bonds, the Town paid the debt service from amounts on deposit in the Retiree Benefits Reserve Fund. The Town has since made these debt service payments from the General Fund for the last six fiscal years and expects to continue this practice going forward. In fiscal year 2006, the Town amended the ordinance authorizing the issuance of the Pension Obligation Bonds to eliminate the Town's ability to withdraw excess assets from the Retiree Benefits Reserve Fund to pay the debt service on the Pension Obligation Bonds. The Pension Bond Ordinance was again amended in FY 2007 to allow the proceeds of the Pension Bond Issue to be transferred to the pension trust and invested in the same manner and at the same asset allocations as the pension trust assets. As a result of these amendments, the proceeds of the Pension Bond Issue were transferred to the pension trust in FY 2007. These changes have two important positive results. First, lifting the 40% equity restriction should make it more likely that the future investment returns will meet the Pension Board's 8.25% actuarial assumption for return on investment. Second, the POB proceeds can be treated as pension assets for the purposes of GASB 25 and GASB 27, since they now reside within the irrevocable trust, whereas previously they were required to be excluded.

Quarterly Business Reviews (QBRs) have been undertaken to review and better manage fiscal operations. During budget meetings, department heads review each program and expenditure and are asked to justify expenditures, overages or shortages to the CAO, Mayor, Director of Finance and Human Resources Director.

Union negotiations have been completed for five of six of the Town's collective bargaining units. Five units (Police, Fire, Public Works, 911 Dispatchers and Supervisors) have settled with significant medical and retirement benefit restructuring having occurred. Similar structural changes are anticipated for the one outstanding union contract (Town Hall), which will be finalized in February 2013.

Rightsizing of work force continues with 13 employees released in December 2010 and 3 employee positions eliminated in the summer of 2011. Additionally, beginning July 1, 2012, the Town removed an additional position from the zoning office through attrition by streamlining the operations of that office.

The Town recently selected a new insurance carrier for its general liability and property insurance coverage through an RFP process conducted by the Town. As a result of the RFP, the Town has realized cost savings and improved service.

Honeywell International performed an energy audit for the Town and as a result of such audit, the Town entered into a guaranteed energy performance contract for multiple Town and Board of Education buildings. The Town anticipates savings of approximately \$12,000,000 over the next fifteen years. The Town

received financing for the energy improvement projects in late December 2011 through the issuance of a combination of approximately \$10,600,000 of bonds and a lease.

The Town has continued with an aggressive tax foreclosure approach that was undertaken in 2010 to collect outstanding tax bills. This new process has yielded immediate returns and reduced the number of outstanding tax bills. This effort is being coordinated between the Tax Collector's Office and Town Attorney's Office.

A new Town-wide virtual network is currently being implemented and new Police and Public Safety systems are to be implemented as of the spring of 2013.

The Town commissioned VHB Associates to conduct a parking study throughout the town center. The Town anticipates the implementation of a new parking management plan within the next 12 months that will generate increased parking revenues for the Town.

The budget planning process has commenced as of January 2013 for fiscal year 2013-2014. The budget process for Fiscal Year 2013-14 is expected to be concluded by May 2013. The administration's goal is to hold spending to no more than a 2% increase over the current Fiscal Year 2013 budget. During budget meetings, department heads will review each program and expenditure and will be asked to justify expenditures, overages or shortages to the CAO, Mayor, Director of Finance and Human Resources Director. On the revenue side of the budget, the FY14 tax collection rate assumption will again be lowered slightly in an effort to be more conservative and protect Fund Balance as recommended by the bond rating agencies. Finally, quarterly Business Reviews (QBRs) continue to review and better manage ongoing fiscal operations.

Additionally, the Mayor's Office is gathering support from a number of businesses and working with the Federal government to rejuvenate the 77-acre Stratford Point site (formerly known as the Stratford Army Engine Plant).

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

### ***Recent Financial Results***

The results for fiscal year 2011-12 reflect an operating surplus in the General Fund of \$2.491mil. The Town faced a number of difficulties, many of which it has subsequently overcome. FY12 included a \$765,000 reduction in State reimbursement for the manufacturing machinery and equipment Payment-in-lieu-of-Taxes ("PILOT"); unrealized revenues from State programs [Municipal Revenue Sharing, Retail Sales and Room Occupancy] of \$930,000; an estimated

\$528,000 shortfall in investment income, and a \$196,000 shortfall in conveyance tax revenues from that previously budgeted. The Fire Department incurred overtime expenses in excess of budget of approximately \$229,000 or 14.1% due to long-term medical illnesses and worker's compensation injuries in key staffing positions. These overages were partially mitigated by the Town's overtime-cost control efforts, including Fire Department promotions and hires to address key staffing issues. Additionally, the public safety dispatch payroll/overtime exceeded budget by \$159,000. The legal/collective bargaining expenses incurred by the Human Resources department exceeded budget by \$100,000 and the Town Attorney's legal salaries & fees, court costs and liability expenses exceeded budget by \$197,000.

Prior year tax collections exceeded budget, primarily due to the aggressive foreclosure proceedings that encouraged payment by many taxpayers. The Tax Collector and the Town Attorney worked with the taxpayers and their financial institutions to restructure their debt and save their investments. Additionally, the Town refinanced \$18,655,000 of General Obligation bonds, realizing a \$1,355,000 savings in debt service in FY12. Finally, disposal fees were \$178,000 under-budget and street light expenses were \$63,000 under-budget. See "Comparative General Fund Operating Statement" herein for more information on Fiscal Year 2011-12.

Currently the Town is estimating that on a budgetary basis it will finish Fiscal Year 2012-13 with a balanced budget. The Town was hit hard by Storm Sandy in late October 2012 and is still working to repair the infrastructure damage caused by the storm. The Town is currently compiling and reporting all disaster losses as well as monitoring debris reduction. The Town anticipates a 75% FEMA reimbursement for eligible storm related expenditures incurred in Fiscal Year 2012-13.

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 in Fiscal Year 2012-13, including contract negotiation preparations with three of six of the Town's collective bargaining units whose contracts expire 06/30/2012 and ongoing worker's compensation cases, the Town will work to continue to control spending, hit our collection goals and generate economic interest in the Town.

### ***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**

During FY12, 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.

The Town did not issue general obligation bonds in FY12. Instead, they issued \$21,275,000 in general obligation during August 2012 [FY13] to fund capital improvements and equipment for both FY12 and FY13. In July 2012 the Town Council authorized the issuance of \$13,871,634 in general obligation bonds [FY13] for town facilities and equipment including an emergency management system, public safety and public work vehicles, Fire apparatus, roads and sewers, parks and recreation and school improvement projects.

#### ***Taxes***

During the fiscal year ended June 30, 2012, the Town collected 97.8% of its current tax levy. This represented the fifteenth consecutive year that the Town has exceeded 96.5%. Property taxes increased by \$2.8 million over the prior year. Current tax collections totaled \$150.0 million. Arrears taxes and interest collected was \$2.9 million. Unrestricted investment earnings were \$0.5 million less than the prior year.

## ***Acknowledgements***

I would like to thank Blum, Shapiro & Company, P.C., 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,

A handwritten signature in black ink, appearing to read "Susan Collier". The signature is written in a cursive style with a large initial "S" and "C".

Susan A. Collier  
Finance Director

# **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Members of the Town Council  
Town of Stratford, Connecticut

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, 2012, which collectively comprise the Town of Stratford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Stratford, Connecticut's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stratford, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2013 on our consideration of the Town of Stratford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratford, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
January 28, 2013

**TOWN OF STRATFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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, 2012. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- The Town's net assets increased by \$4.3 million, or 12.4%, as a result of this year's operations. The net assets of our business-type activities decreased by (\$2.7 million), or (9.4%), and the net assets of our governmental activities increased by \$7.1 million, or 124.3%.
- During the year, the Town had expenses that were \$6.5 million less than the \$211.4 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services increased to \$9.3 million while operating expenses decreased by (\$2.0 million) to \$11.4 million or (15.1%) primarily due to the Water Treatment plant.
- Total cost of all of the Town's programs decreased (\$9.9 million) to \$216.3 million with no major new programs added this year. These decreases consisted of (\$5.8 million) in public safety, (\$2.5 million) in interest expense and (\$2.0) in waste operating expenses.
- The General Fund reported a fund balance this year of \$11.1 million, which was an increase of \$2.5 million from the prior year.
- Revenues in the General Fund totaled \$197,727 thousand while expenditures totaled \$194,706 thousand resulting in a surplus of \$3,021 thousand on a budgetary basis.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net assets 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 IX. 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 assets 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 assets and changes in them. The Town's net assets, 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 assets 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 assets 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 and IV)* - 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 assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - 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 assets 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 VIII and IX)* - 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 assets and changes in fiduciary net assets. 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 assets increased from a year ago from \$34.9 million to \$39.2 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

**Table 1  
NET ASSETS  
(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current and other assets \$	70,522	\$ 75,407	\$ 7,112	\$ 9,300	\$ 77,634	\$ 84,707
Capital assets, net of depreciation	145,404	133,811	64,483	67,735	209,887	201,546
Total assets	<u>215,926</u>	<u>209,218</u>	<u>71,595</u>	<u>77,035</u>	<u>287,521</u>	<u>286,253</u>
Current liabilities	10,410	12,999	196	443	10,606	13,442
Long-term debt outstanding	192,733	190,509	44,978	47,426	237,711	237,935
Total liabilities	<u>203,143</u>	<u>203,508</u>	<u>45,174</u>	<u>47,869</u>	<u>248,317</u>	<u>251,377</u>
Net Assets:						
Invested in capital assets, net of debt	57,747	49,667	19,806	20,691	77,553	70,358
Restricted	2,407	2,543			2,407	2,543
Unrestricted	<u>(47,371)</u>	<u>(46,500)</u>	<u>6,615</u>	<u>8,475</u>	<u>(40,756)</u>	<u>(38,025)</u>
Total Net Assets	<u>\$ 12,783</u>	<u>\$ 5,710</u>	<u>\$ 26,421</u>	<u>\$ 29,166</u>	<u>\$ 39,204</u>	<u>\$ 34,876</u>

Net assets of the Town's governmental activities increased by 123.9% (\$12.8 million compared to \$5.7 million the prior year). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(38.0 million) at June 30, 2011 to \$(40.8 million) at the end of this year.

**Table 2**  
**CHANGES IN NET ASSETS**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 10,420	\$ 10,217	\$ 9,215	\$ 8,890	\$ 19,635	\$ 19,107
Operating grants and contributions	43,581	40,374			43,581	40,374
Capital grants and contributions		146	13	518	13	664
General revenues:						
Property taxes	152,523	150,503			152,523	150,503
Grants and contributions not restricted to specific purposes	3,948	3,986			3,948	3,986
Unrestricted investment earnings	1	453	27	42	28	495
Miscellaneous	894	72			894	72
Total revenues	<u>211,367</u>	<u>205,751</u>	<u>9,255</u>	<u>9,450</u>	<u>220,622</u>	<u>215,201</u>
Program expenses:						
General government	38,445	38,499			38,445	38,499
Human development	9,029	8,033			9,029	8,033
Physical development	15,466	15,099			15,466	15,099
Public safety	23,712	29,459			23,712	29,459
Education	114,759	115,686			114,759	115,686
Interest expense	3,484	6,033			3,484	6,033
Waste operating			9,654	11,685	9,654	11,685
Short Beach Golf Course			450	357	450	357
Miniature Golf Course			11	11	11	11
Emergency Medical Services			1,284	1,371	1,284	1,371
Total program expenses	<u>204,895</u>	<u>212,809</u>	<u>11,399</u>	<u>13,424</u>	<u>216,294</u>	<u>226,233</u>
Excess before transfers	6,472	(7,058)	(2,144)	(3,974)	4,328	(11,032)
Transfers	<u>600</u>	<u>680</u>	<u>(600)</u>	<u>(680)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 7,072</u>	<u>\$ (6,378)</u>	<u>\$ (2,744)</u>	<u>\$ (4,654)</u>	<u>\$ 4,328</u>	<u>\$ (11,032)</u>

The Town's total revenues were \$220.6 million. The total cost of all programs and services was \$216.3 million. Our analysis below separately considers the operations of governmental and business-type activities.

## **Governmental Activities**

Approximately 69.1% of the revenues were derived from property taxes; the remaining 30.9% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$2.8 million over the prior year. Current tax collections totaled \$150.0 million or 97.8% of the levy. Arrears taxes and interest collected was \$2.9 million. Unrestricted investment earnings were \$0.5 million less than the prior year.
- Operating grants for governmental activities increased by \$2.8 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$21.3 million of the Operating grants total.

Governmental expenses decreased (\$7.9 million) to \$204.9 million with no major new programs added this year. These decreases consisted of (\$2.5 million) in interest expense and (\$5.8 million) in public safety. [FY11 included \$6.0 million for long-term landfill closure expenses that were not included in FY12].

The Town was hit hard by Storm Irene in late August 2011 and is still working to repair the infrastructure damage caused by the storm. The Town compiled and reported all disaster losses as well as monitored debris reduction. As a result, the Town received partial FEMA reimbursement for eligible storm related expenditures incurred in Fiscal Year 2011-12.

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)**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General government	\$ 38,445	\$ 38,499	\$ 36,244	\$ 36,846
Public safety	23,712	29,459	22,112	27,812
Physical development	15,466	15,099	12,545	13,207
Education	114,759	115,686	74,310	77,358
Human development	9,029	8,033	2,286	1,703
All others	3,484	6,033	3,397	5,146
Total	<u>\$ 204,895</u>	<u>\$ 212,809</u>	<u>\$ 150,894</u>	<u>\$ 162,072</u>

## **Business-Type Activities**

Business-type activities decreased the Town's net assets by (\$2.7 million). The key factors were a reduction of capital grants and contributions and an increase in capital asset depreciation 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 \$31.6 million, a decrease of \$3.5 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 \$11.1 million. Of this total fund balance, \$2.3 million is assigned for encumbrances.

The fund balance of the Town's General Fund increased by \$2.5 million during the current fiscal year. Key factors affecting the General Fund are as follows:

- Collections of the current tax levy were 97.8% and included an aggressive foreclosure proceedings policy that encouraged payment by many taxpayers. The Tax Collector and the Town Attorney worked with the taxpayers and their financial institutions to restructure their debt and save their investments.
- Additionally, the Town refinanced \$18,655,000 of General Obligation bonds, realizing a \$1,355,000 savings in debt service in FY12. Finally, disposal fees were \$178,000 under-budget and street light expenses were \$63,000 under-budget.

The Capital Projects Fund has a fund balance of \$15.6 million at the end of the year, a decrease of (\$6.1 million) from the prior year. The Town did not issue general obligation bonds in FY12. Instead, they issued \$21,275,000 in general obligation during August 2012 [FY13] to fund capital improvements and equipment for both FY12 and FY13.

Other non-major governmental funds have a total fund balance of \$4.9 million, a slight increase of \$0.1 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 assets total \$26.4 million at the end of 2012, decreasing by (\$2.7 million) from the previous year.

Net assets of the Waste Operating Fund at the end of the year are \$23.5 million, 88.9% of total net assets of the proprietary funds. EMS and Other non-major activities have net assets of \$2.9 million or 11.9% of the total net assets. 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**

Differences between the original budget and the final amended budget for both revenues and expenditures were less than 1%. During the year, revenues were over budgetary estimates by \$0.45 million and expenditures were less than budgetary estimates by \$2.3 million, thus creating an increase to fund balance.

**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, 2012 amounted to \$145.4 million and \$64.5 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 \$8.3 million.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land	\$ 12,917	\$ 12,917	\$	\$	\$ 12,917	\$ 12,917
Land improvements	5,753	4,886	60		5,813	4,886
Buildings and improvements	82,286	81,970	53,790	56,950	136,076	138,920
Infrastructure	19,593	18,023	8,423	8,716	28,016	26,739
Machinery and equipment	9,109	9,432	2,109	2,056	11,218	11,488
Construction in progress	15,746	6,583	101	13	15,847	6,596
<b>Total</b>	<b>\$ 145,404</b>	<b>\$ 133,811</b>	<b>\$ 64,483</b>	<b>\$ 67,735</b>	<b>\$ 209,887</b>	<b>\$ 201,546</b>

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

- Honeywell Energy Efficiency Project - \$6.2 [Town = \$3.0; BOE = \$3.2]
- Various school improvements/safety/maintenance - \$3.0
- Road resurfacing/reconstruction - \$1.6
- Purchase of Capital Equipment for Public Works, Police & Fire - \$1.3
- IT Projects/virtualization - \$1.3
- Drainage Improvements - \$0.9
- Parks improvements/playground renovations - \$0.5
- Field restorations - \$0.4
- Police renovations/HVAC/boilers - \$0.4
- PW renovations/HVAC/boilers - \$0.4
- Animal Control Facility - \$0.4
- Municipal Buildings repairs/maintenance - \$0.3
- EMS Facility improvements/equipment - \$0.3
- Sidewalk replacements - \$0.3
- Water Pollution Control capital outlay and facility upgrades - \$0.3
- Vehicle & Equipment Leases for Public Works, Police & Fire - \$0.2
- Shakespeare Theatre consultants/building repairs/maintenance - \$0.1

The Town's fiscal-year 2012-13 capital plans call for spending another \$16.5 million for capital projects, principally for the following (in millions):

- Various school improvements/safety/maintenance - \$4.2
- Honeyspot School new construction - \$2.0
- Road resurfacing/reconstruction - \$1.9
- Drainage Improvements - \$1.6
- Purchase of Capital Equipment for Public Works, Police & Fire - \$1.4
- Municipal Buildings repairs/maintenance - \$1.2
- Parks improvements/playground renovations - \$1.1
- IT Projects/virtualization - \$0.9
- Water Pollution Control capital outlay and facility upgrades - \$0.8
- Field restorations - \$0.4
- Sidewalk replacements - \$0.3
- Revaluation - \$0.3
- EMS Facility improvements/equipment - \$0.3

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, 2012 the Town had \$131.9 million in bonds and notes outstanding versus \$135.9 million last year, a decrease of (2.9%) as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 129,614	\$ 135,894	\$ 1,993	\$ 2,069	\$ 131,607	\$ 137,963
Capital leases	2,300				2,300	
Notes payable			42,682	44,976	42,682	44,976
Totals	<u>\$ 131,914</u>	<u>\$ 135,894</u>	<u>\$ 44,675</u>	<u>\$ 47,045</u>	<u>\$ 176,589</u>	<u>\$ 182,939</u>

The Town did not issue general obligation bonds in FY12. Instead, they issued \$21,275,000 in general obligation bonds during August 2012 [FY13] to fund capital improvements and equipment for both FY12 and FY13.

The Town and its Water Pollution Control Authority maintain an "AA-" rating from Standard & Poor's and an "Aa2" 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 \$1,066.7 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 7 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 8.2% for calendar year 2012, down from 9.4% in 2011. This rate compares to the State's annual average unemployment rate of 8.2% and the US rate of 7.6%.

All of these factors were considered in preparing the Town's budget for FY2012-2013.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$2.5 million to \$8.8 million. In the FY2012-13 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](http://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.

## TOWN OF STRATFORD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 26,356,847	\$ 16,394,121	\$ 42,750,968
Investments	1,972,767		1,972,767
Receivables, net	16,219,202	1,278,996	17,498,198
Internal balances	10,566,010	(10,566,010)	-
Net pension asset	14,860,574		14,860,574
Bond issuance cost	514,509	5,089	519,598
Inventory and deferred charges	32,474		32,474
Capital assets:			
Assets not being depreciated	28,662,693	101,117	28,763,810
Assets being depreciated, net	116,741,225	64,382,161	181,123,386
Total assets	<u>215,926,301</u>	<u>71,595,474</u>	<u>287,521,775</u>
Liabilities:			
Accounts and other payables	7,804,774	194,015	7,998,789
Accrued liabilities	904,171		904,171
Unearned revenue	1,701,358	2,250	1,703,608
Noncurrent liabilities:			
Due within one year	18,413,788	2,548,875	20,962,663
Due in more than one year	174,319,620	42,428,940	216,748,560
Total liabilities	<u>203,143,711</u>	<u>45,174,080</u>	<u>248,317,791</u>
Net Assets:			
Invested in capital assets, net of related debt	57,747,280	19,806,613	77,553,893
Restricted for:			
Nonexpendable trust	2,406,556		2,406,556
Unrestricted	(47,371,246)	6,614,781	(40,756,465)
Total Net Assets	<u>\$ 12,782,590</u>	<u>\$ 26,421,394</u>	<u>\$ 39,203,984</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 38,445,263	\$ 2,201,006	\$	\$	\$ (36,244,257)	\$	\$ (36,244,257)
Human development	9,028,996	3,844,213	2,898,745		(2,286,038)		(2,286,038)
Physical development	15,465,748	619,437	2,300,944		(12,545,367)		(12,545,367)
Public safety	23,712,367	1,461,984	138,053		(22,112,330)		(22,112,330)
Education	114,758,548	2,293,653	38,155,495		(74,309,400)		(74,309,400)
Debt service	3,484,413		87,957		(3,396,456)		(3,396,456)
Total governmental activities	<u>204,895,335</u>	<u>10,420,293</u>	<u>43,581,194</u>	<u>-</u>	<u>(150,893,848)</u>	<u>-</u>	<u>(150,893,848)</u>
Business-type activities:							
Waste Operating	9,653,817	7,499,859				(2,153,958)	(2,153,958)
Emergency Medical Services	1,284,237	1,450,808				166,571	166,571
Short Beach Golf Course	450,312	263,922		13,275		(173,115)	(173,115)
Miniature Golf Course	11,068					(11,068)	(11,068)
Total business-type activities	<u>11,399,434</u>	<u>9,214,589</u>	<u>-</u>	<u>13,275</u>	<u>-</u>	<u>(2,171,570)</u>	<u>(2,171,570)</u>
Total	<u>\$ 216,294,769</u>	<u>\$ 19,634,882</u>	<u>\$ 43,581,194</u>	<u>\$ 13,275</u>	<u>(150,893,848)</u>	<u>(2,171,570)</u>	<u>(153,065,418)</u>
General revenues:							
Property taxes					152,522,501		152,522,501
Grants and contributions not restricted to specific programs					3,948,044		3,948,044
Unrestricted investment earnings					1,066	27,282	28,348
Miscellaneous					894,556		894,556
Total general revenues					<u>157,366,167</u>	<u>27,282</u>	<u>157,393,449</u>
Transfers					<u>600,000</u>	<u>(600,000)</u>	<u>-</u>
Total					<u>157,966,167</u>	<u>(572,718)</u>	<u>157,393,449</u>
Change in net assets					<u>7,072,319</u>	<u>(2,744,288)</u>	<u>4,328,031</u>
Net Assets at Beginning of Year					<u>5,710,271</u>	<u>29,165,682</u>	<u>34,875,953</u>
Net Assets at End of Year					<u>\$ 12,782,590</u>	<u>\$ 26,421,394</u>	<u>\$ 39,203,984</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,726,393	\$ 16,402,140	\$ 6,228,314	\$ 26,356,847
Investments			1,972,767	1,972,767
Receivables, net	7,822,638	505,479	2,911,932	11,240,049
Inventories			32,474	32,474
Due from other funds	<u>44,941,165</u>	<u>30,924,875</u>	<u>1,135,289</u>	<u>77,001,329</u>
Total Assets	<u>\$ 56,490,196</u>	<u>\$ 47,832,494</u>	<u>\$ 12,280,776</u>	<u>\$ 116,603,466</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 3,639,950	\$ 820,089	\$ 1,064,776	\$ 5,524,815
Accrued liabilities	904,171			904,171
Deferred revenue	5,816,019	505,479	2,048,759	8,370,257
Due to other funds	<u>35,055,614</u>	<u>30,899,348</u>	<u>4,251,826</u>	<u>70,206,788</u>
Total liabilities	<u>45,415,754</u>	<u>32,224,916</u>	<u>7,365,361</u>	<u>85,006,031</u>
Fund balances:				
Nonspendable			32,474	32,474
Restricted			2,783,777	2,783,777
Committed		15,607,578	2,437,095	18,044,673
Assigned	2,284,297			2,284,297
Unassigned	<u>8,790,145</u>		<u>(337,931)</u>	<u>8,452,214</u>
Total fund balances	<u>11,074,442</u>	<u>15,607,578</u>	<u>4,915,415</u>	<u>31,597,435</u>
Total Liabilities and Fund Balances	<u>\$ 56,490,196</u>	<u>\$ 47,832,494</u>	<u>\$ 12,280,776</u>	<u>\$ 116,603,466</u>

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets:

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

Fund balances - total governmental funds (Exhibit III)	\$ 31,597,435
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 305,084,873
Less accumulated depreciation	<u>(159,680,955)</u>
Net capital assets	145,403,918
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	14,860,574
Property tax receivables greater than 60 days	3,644,107
Interest receivable on property taxes	4,979,153
Assessments receivable	484,983
Housing loans	336,902
Receivable from the state for school construction projects	2,202,907
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 assets.	(4,824,997)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(129,614,351)
Bond premium	(2,232,012)
Bond issuance cost	514,509
Capital lease	(2,299,855)
Interest payable on bonds and notes	(2,217,390)
Compensated absences	(6,446,173)
Landfill closure	(12,000,000)
OPEB obligation	(33,006,700)
Deferred charges on refunding	2,149,580
Claims and judgments	<u>(750,000)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 12,782,590</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes and assessments	\$ 152,926,235	\$ 143,051	\$	\$ 153,069,286
State and Federal governments	36,862,714	111,707	10,901,272	47,875,693
Department revenue	2,027,336		3,000,561	5,027,897
Licenses and permits	407,444		352,412	759,856
Investment income	62,277	21,548	(82,745)	1,080
Other	5,440,610		220,295	5,660,905
Total revenues	<u>197,726,616</u>	<u>276,306</u>	<u>14,391,795</u>	<u>212,394,717</u>
Expenditures:				
Current:				
General government:				
Administration	4,421,296			4,421,296
Contingency	3,030,673			3,030,673
Employee benefits	26,010,356			26,010,356
Finance	2,114,586			2,114,586
Human development	5,078,378		3,475,897	8,554,275
Physical development	11,505,682		1,716,016	13,221,698
Public safety	22,438,879		48,518	22,487,397
Education	102,808,638		8,080,427	110,889,065
Debt service:				
Principal retirements	13,683,185			13,683,185
Interest and other charges	3,613,955			3,613,955
Capital outlay		18,161,267	972,479	19,133,746
Total expenditures	<u>194,705,628</u>	<u>18,161,267</u>	<u>14,293,337</u>	<u>227,160,232</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,020,988</u>	<u>(17,884,961)</u>	<u>98,458</u>	<u>(14,765,515)</u>
Other Financing Sources (Uses):				
Issuance of bonds		8,212,115		8,212,115
Proceeds from bond refunding	18,062,000			18,062,000
Premium on bond refunding	1,423,580			1,423,580
Payment to bond escrow agent	(19,324,375)			(19,324,375)
Proceeds from capital leases		2,299,855		2,299,855
Transfers in	700,000	1,240,647	150,467	2,091,114
Transfers out	(1,391,114)		(100,000)	(1,491,114)
Total other financing sources (uses)	<u>(529,909)</u>	<u>11,752,617</u>	<u>50,467</u>	<u>11,273,175</u>
Net Change in Fund Balances	2,491,079	(6,132,344)	148,925	(3,492,340)
Fund Balances at Beginning of Year	<u>8,583,363</u>	<u>21,739,922</u>	<u>4,766,490</u>	<u>35,089,775</u>
Fund Balances at End of Year	<u>\$ 11,074,442</u>	<u>\$ 15,607,578</u>	<u>\$ 4,915,415</u>	<u>\$ 31,597,435</u>

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,492,340)
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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:

Capital outlay	18,577,867
Depreciation expense	(6,984,780)

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

School building grant receipts	(480,278)
Property tax receivable	(1,142,904)
Accrued interest receivable	653,474
Housing loans	67,614
Assessments	(57,356)
Net pension asset	197,249

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 assets. Also, governmental funds report the effect of issuance costs, 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:

Bond principal payments	13,683,185
Proceeds from sale of bonds	(8,212,115)
Bond issuance costs	94,697
Proceeds from capital lease	(2,299,855)
Payment to bond escrow agent	19,324,375
Proceeds from sale of refunding bonds	(18,062,000)
Premium from sale of refunding bonds	(1,423,580)

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:

Compensated absences	297,677
Accrued interest	236,854
OPEB obligation	(4,811,300)
Amortization of deferred amount on refunding	(328,693)
Amortization of bond premiums	126,685

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

1,107,843
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Change in Net Assets of Governmental Activities (Exhibit II)

\$ <u>7,072,319</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Waste Operating Funds	Emergency Medical Services	Other Nonmajor Funds	Total	Internal Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 9,311,664	\$ 6,066,766	\$ 1,015,691	\$ 16,394,121	\$
Receivables:					
Accounts and other		461,400	13,275	474,675	
Special assessments	804,321			804,321	
Due from other funds	200,998	2,401,732	2,434	2,605,164	3,771,469
Other assets		5,089		5,089	
Total current assets	<u>10,316,983</u>	<u>8,934,987</u>	<u>1,031,400</u>	<u>20,283,370</u>	<u>3,771,469</u>
Capital assets:					
Assets not being depreciated		101,117		101,117	
Assets being depreciated, net	<u>61,767,981</u>	<u>2,387,793</u>	<u>226,387</u>	<u>64,382,161</u>	
Total capital assets	<u>61,767,981</u>	<u>2,488,910</u>	<u>226,387</u>	<u>64,483,278</u>	<u>-</u>
Total assets	<u>72,084,964</u>	<u>11,423,897</u>	<u>1,257,787</u>	<u>84,766,648</u>	<u>3,771,469</u>
Liabilities:					
Current:					
Accounts payable	160,325	21,929	11,761	194,015	62,569
Accrued wages and benefits				-	
Unearned revenue			2,250	2,250	
Due to other funds	5,337,573	6,611,035	1,222,566	13,171,174	
Risk management claims				-	1,381,897
Bonds payable		94,247		94,247	
Serial and notes payable	2,340,393			2,340,393	
Compensated absences	<u>42,651</u>	<u>36,376</u>	<u>11,318</u>	<u>90,345</u>	
Total current liabilities	<u>7,880,942</u>	<u>6,763,587</u>	<u>1,247,895</u>	<u>15,892,424</u>	<u>1,444,466</u>
Noncurrent liabilities:					
Bonds payable	270,000	1,630,184		1,900,184	
Serial notes payable	40,341,841			40,341,841	
Risk management claims				-	7,152,000
Compensated absences	<u>99,519</u>	<u>84,877</u>	<u>26,409</u>	<u>210,805</u>	
Total noncurrent liabilities	<u>40,711,360</u>	<u>1,715,061</u>	<u>26,409</u>	<u>42,452,830</u>	<u>7,152,000</u>
Total liabilities	<u>48,592,302</u>	<u>8,478,648</u>	<u>1,274,304</u>	<u>58,345,254</u>	<u>8,596,466</u>
Net Assets:					
Invested in capital assets, net of related debt	18,815,747	764,479	226,387	19,806,613	
Unrestricted	<u>4,676,915</u>	<u>2,180,770</u>	<u>(242,904)</u>	<u>6,614,781</u>	<u>(4,824,997)</u>
Total Net Assets	<u>\$ 23,492,662</u>	<u>\$ 2,945,249</u>	<u>\$ (16,517)</u>	<u>\$ 26,421,394</u>	<u>\$ (4,824,997)</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Fund				Activities
	Waste Operating Funds	Emergency Medical Services	Other Nonmajor Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for services	\$ 7,499,859	\$ 1,450,808	\$ 263,922	\$ 9,214,589	\$ 15,891,794
Operating Expenses:					
Operating and maintenance	5,145,762	1,040,370	341,132	6,527,264	14,783,951
Depreciation	3,629,482	194,506	120,248	3,944,236	
Total operating expenses	8,775,244	1,234,876	461,380	10,471,500	14,783,951
Operating Income (Loss)	(1,275,385)	215,932	(197,458)	(1,256,911)	1,107,843
Nonoperating Revenues (Expenses):					
Interest income	17,596	9,516	170	27,282	
Interest expense	(878,573)	(49,361)		(927,934)	
Total nonoperating revenues (expenses)	(860,977)	(39,845)	170	(900,652)	-
Income (Loss) Before Contributions and Transfers	(2,136,362)	176,087	(197,288)	(2,157,563)	1,107,843
Capital Contributions			13,275	13,275	
Transfers Out	(300,000)	(300,000)		(600,000)	
Change in Net Assets	(2,436,362)	(123,913)	(184,013)	(2,744,288)	1,107,843
Net Assets at Beginning of Year	25,929,024	3,069,162	167,496	29,165,682	(5,932,840)
Net Assets at End of Year	\$ 23,492,662	\$ 2,945,249	\$ (16,517)	\$ 26,421,394	\$ (4,824,997)

The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Fund				Activities
	Waste Operating Funds	Emergency Medical Services	Other Nonmajor Funds	Total	Internal Service Fund
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 7,326,947	\$ 1,653,122	\$ 263,922	\$ 9,243,991	\$ 15,891,794
Cash payments to suppliers	(3,418,753)	(224,803)	(169,212)	(3,812,768)	(14,229,273)
Cash payments to employees	(1,995,688)	(861,016)	(184,695)	(3,041,399)	
Payments for interfund services	1,940,110	1,832,991	365,118	4,138,219	(1,662,521)
Net cash provided by operating activities	<u>3,852,616</u>	<u>2,400,294</u>	<u>275,133</u>	<u>6,528,043</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:					
Transfers to other funds	(300,000)	(300,000)		(600,000)	-
Cash Flows from Capital and Related Financing Activities:					
Principal payments on debt	(2,294,089)	(79,390)		(2,373,479)	
Interest paid on debt	(878,573)	(49,361)		(927,934)	
Purchase of capital assets	(375,351)	(303,458)	(13,275)	(692,084)	
Net cash used in capital and related financing activities	<u>(3,548,013)</u>	<u>(432,209)</u>	<u>(13,275)</u>	<u>(3,993,497)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest revenues	17,596	9,516	170	27,282	-
Net Increase in Cash and Cash Equivalents	22,199	1,677,601	262,028	1,961,828	-
Cash and Cash Equivalents at Beginning of Year	9,289,465	4,389,165	753,663	14,432,293	-
Cash and Cash Equivalents at End of Year	<u>\$ 9,311,664</u>	<u>\$ 6,066,766</u>	<u>\$ 1,015,691</u>	<u>\$ 16,394,121</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ (1,275,385)	\$ 215,932	\$ (197,458)	\$ (1,256,911)	\$ 1,107,843
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	3,629,482	194,506	120,248	3,944,236	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable and deferred charges	(172,912)	202,314		29,402	
(Increase) decrease in due from other funds					(1,662,521)
Increase (decrease) in accounts payable and accrued expenses	(268,679)	(45,449)	(12,775)	(326,903)	35,598
Increase (decrease) in risk management claim liability				-	519,080
Increase (decrease) in due to other funds	1,940,110	1,832,991	365,118	4,138,219	
Net Cash Provided by Operating Activities	<u>\$ 3,852,616</u>	<u>\$ 2,400,294</u>	<u>\$ 275,133</u>	<u>\$ 6,528,043</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Student Activity Agency Fund</u>
Assets:			
Cash and cash equivalents	\$ 1,258,835	\$ 2,071,589	\$ 330,712
Investments:			
Common stocks	37,504,975		
Mutual funds - open end	<u>48,420,163</u>		
Total assets	<u>87,183,973</u>	<u>2,071,589</u>	<u>\$ 330,712</u>
Liabilities:			
Due to students and others			\$ 330,712
Other liabilities			
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 330,712</u>
Net Assets:			
Held in Trust for Pension Benefits	87,183,973		
Held in Trust for OPEB Benefits		<u>2,071,589</u>	
Total net assets	<u>\$ 87,183,973</u>	<u>\$ 2,071,589</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF STRATFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

## PENSION TRUST FUND AND OPEB TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Plan members	\$ 1,831,875	\$
Employer	8,493,774	2,071,589
Total contributions	<u>10,325,649</u>	<u>2,071,589</u>
Investment income:		
Net depreciation in fair market value of investments	(1,471,241)	
Interest and dividends	941,070	
Total investment loss	(530,171)	-
Investment fee	(333,769)	
Net investment loss	<u>(863,940)</u>	<u>-</u>
Total additions	<u>9,461,709</u>	<u>2,071,589</u>
Deductions:		
Benefits	18,714,780	
Other	219,234	
Total deductions	<u>18,934,014</u>	<u>-</u>
Net Increase (Decrease)	(9,472,305)	2,071,589
Net Assets Held in Trust at Beginning of Year	<u>96,656,278</u>	
Net Assets Held in Trust at End of Year	<u>\$ 87,183,973</u>	<u>\$ 2,071,589</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF STRATFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 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.

#### A. 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.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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.

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.

### **C. 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 postclosure costs, are recorded only when payment is due.

Property taxes, 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 and available 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.

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 nonpension postemployment benefits for certain retirees and their beneficiaries.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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.

#### **D. 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.

#### **E. Receivables and Payables**

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." All trade and property tax receivables are shown net of an allowance for uncollectibles.

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.

**F. 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.

**G. 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 two years. 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:

<u>Assets</u>	<u>Years</u>
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.

**H. 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.

## **I. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Claims and judgments are normally liquidated from the General Fund.

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

## **J. Fund Equity**

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

Invested in Capital Assets, Net of Related Debt - This component of net assets 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 Assets - Net assets are restricted because they 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 Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

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.

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.

#### **K. 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.

#### **L. Comparative Data/Reclassifications**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. 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, 2012.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.

**B. Deficit Fund Equity**

The Town has the following fund deficits at June 30, 2012:

	<u>Amount</u>
School Lunch Program *	\$ 137,521
Miscellaneous Grants *	146,546
Recreation*	21,390
Short Beach Golf Course**	36,716
Internal Service **	4,824,997

\* Deficit will be eliminated through future departmental revenues

\*\* Deficit will be eliminated through future appropriations

**3. 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 and 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.

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*, \$40,567,393 of the Town's bank balance of \$42,497,444 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 36,360,654
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,206,739</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 40,567,393</u>

The Town carries additional insurance coverage for \$110,000,000 with Banknorth, which is excess coverage over the FDIC limit of deposit insurance. As of June 30, 2012, excess coverage amounted to \$28,847,038.

## 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, 2012, the Town's cash equivalents amounted to \$5,483,947. 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 &amp; Poor's</u>
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAAm

Wells Fargo\*

\*Not rated

## Investments

As of June 30, 2012, the Town had the following investments:

Other Investments:	
Common stock	\$ 38,438,995
Mutual funds	<u>49,458,910</u>
 Total Investments	 <u><u>\$ 87,897,905</u></u>

*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.

*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, 2012, 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.

## 4. RECEIVABLES

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:

	<u>General</u>	<u>Capital Projects</u>	<u>Waste Operating</u>	<u>Emergency Medical Services</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,933,137	\$	\$	\$	\$	\$ 4,933,137
Accounts and other	271,196			724,388	336,902	1,332,486
Special assessments		505,479	804,321			1,309,800
Intergovernmental	<u>3,268,305</u>				<u>2,588,305</u>	<u>5,856,610</u>
Gross receivables	8,472,638	505,479	804,321	724,388	2,925,207	13,432,033
Less allowance for uncollectibles	<u>650,000</u>			<u>262,988</u>		<u>912,988</u>
Net Total Receivables	<u>\$ 7,822,638</u>	<u>\$ 505,479</u>	<u>\$ 804,321</u>	<u>\$ 461,400</u>	<u>\$ 2,925,207</u>	<u>\$ 12,519,045</u>

Note: Does not include accrued interest on property taxes of \$4,979,153.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 3,644,107	\$
Special assessments not yet due	484,983	
School building grants	2,202,907	
Housing loans	336,902	
Grant drawdowns and other revenues received prior to meeting all eligibility requirements		960,048
Other		741,310
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u>6,668,899</u>	\$ <u>1,701,358</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,917,075	\$	\$	\$ 12,917,075
Construction in progress	6,583,239	11,579,588	2,417,209	15,745,618
Total capital assets not being depreciated	<u>19,500,314</u>	<u>11,579,588</u>	<u>2,417,209</u>	<u>28,662,693</u>
Capital assets being depreciated:				
Land improvements	9,031,327	1,244,911	12,180	10,264,058
Buildings and improvements	134,162,987	3,528,263	194,381	137,496,869
Machinery and equipment	35,028,898	1,433,397	898,115	35,564,180
Infrastructure	90,276,517	3,208,917	388,361	93,097,073
Total capital assets being depreciated	<u>268,499,729</u>	<u>9,415,488</u>	<u>1,493,037</u>	<u>276,422,180</u>
Less accumulated depreciation for:				
Land improvements	4,145,590	365,297		4,510,887
Buildings and improvements	52,192,770	3,018,172		55,210,942
Machinery and equipment	25,596,481	2,351,878	1,493,037	26,455,322
Infrastructure	72,254,371	1,249,433		73,503,804
Total accumulated depreciation	<u>154,189,212</u>	<u>6,984,780</u>	<u>1,493,037</u>	<u>159,680,955</u>
Total capital assets being depreciated, net	<u>114,310,517</u>	<u>2,430,708</u>	<u>-</u>	<u>116,741,225</u>
Governmental Activities Capital Assets, Net	<u>\$ 133,810,831</u>	<u>\$ 14,010,296</u>	<u>\$ 2,417,209</u>	<u>\$ 145,403,918</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 13,017	\$ 89,867	\$ 1,767	\$ 101,117
Capital assets being depreciated:				
Land improvements	2,273,634	13,275		2,286,909
Buildings and improvements	70,821,650	221,678	90,622	70,952,706
Machinery and equipment	13,405,356	707,044	345,042	13,767,358
Infrastructure	21,255,617	316,612	294,998	21,277,231
Total capital assets being depreciated	<u>107,756,257</u>	<u>1,258,609</u>	<u>730,662</u>	<u>108,284,204</u>
Less accumulated depreciation for:				
Land improvements	2,273,634		46,384	2,227,250
Buildings and improvements	13,871,467	3,320,422	29,791	17,162,098
Machinery and equipment	11,349,031	309,675		11,658,706
Infrastructure	12,539,850	314,139		12,853,989
Total accumulated depreciation	<u>40,033,982</u>	<u>3,944,236</u>	<u>76,175</u>	<u>43,902,043</u>
Total capital assets being depreciated, net	<u>67,722,275</u>	<u>(2,685,627)</u>	<u>654,487</u>	<u>64,382,161</u>
Business-Type Activities Capital Assets, Net	<u>\$ 67,735,292</u>	<u>\$ (2,595,760)</u>	<u>\$ 656,254</u>	<u>\$ 64,483,278</u>

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

Governmental activities:	
General government	\$ 278,963
Human development	452,369
Physical development	1,963,125
Public safety	1,258,963
Education	<u>3,031,360</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>6,984,780</u></u>
Business-type activities:	
Waste operating	\$ 3,629,482
Short Beach Golf Course	109,180
Miniature Golf Course	11,068
Emergency medical services	<u>194,506</u>
Total Depreciation Expense - Business-Type Activities	\$ <u><u>3,944,236</u></u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 44,941,165	\$ 35,055,614
Nonmajor Governmental Funds:		
Community Development	60,896	102,222
Education Federal and State Programs	24,357	15,441
Shellfish and Oysters		2,852
Railroad Property		157,597
Miscellaneous Grants	1,776	884,248
Recreation	13,575	1,821,213
Department of Children and Family Services	85,413	86,778
Counseling Center	38,467	
Harbor Management		13,516
Gas Pipeline		2,579
Town Aid Road	648,680	1,673,426
Senior Citizens	28,861	
Reserve Fund	741,310	
Capital Projects Funds	30,924,875	30,899,348
Enterprise Funds:		
Waste Operating	200,998	5,337,573
Emergency Medical Services	2,401,732	6,611,035
Short Beach Golf Course	2,434	1,203,727
Miniature Golf		18,839
Internal Service Fund	3,771,469	
Interfund eliminations	<u>(508,046)</u>	<u>(508,046)</u>
Total	<u>\$ 83,377,962</u>	<u>\$ 83,377,962</u>

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

Interfund transfers:

	<b>Transfers In</b>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 1,240,647	\$ 150,467	\$ 1,391,114
Waste Operating Fund	300,000			300,000
EMS Fund	300,000			300,000
Nonmajor governmental funds	<u>100,000</u>			<u>100,000</u>
<b>Total</b>	<b><u>\$ 700,000</u></b>	<b><u>\$ 1,240,647</u></b>	<b><u>\$ 150,467</u></b>	<b><u>\$ 2,091,114</u></b>

All transfers are for regularly recurring operational transfers.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds and notes	\$ 135,893,980	\$ 26,274,115	\$ 32,553,744	\$ 129,614,351	\$ 13,785,886
Premium on general obligation bonds	935,117	1,423,580	126,685	2,232,012	
Deferred amount on refunding	(2,024,457)	(453,816)	(328,693)	(2,149,580)	
Capital leases		2,299,855		2,299,855	1,312,153
Claims and judgments	750,000			750,000	
Compensated absences	6,743,850	1,725,478	2,023,155	6,446,173	1,933,852
Landfill monitoring closure and postclosure costs	12,000,000			12,000,000	
OPEB liability	28,195,400	4,811,300		33,006,700	
Risk management	<u>8,014,817</u>	<u>519,080</u>		<u>8,533,897</u>	<u>1,381,897</u>
<b>Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 190,508,707</u></b>	<b><u>\$ 36,599,592</u></b>	<b><u>\$ 34,374,891</u></b>	<b><u>\$ 192,733,408</u></b>	<b><u>\$ 18,413,788</u></b>
Business-type activities:					
General obligation bonds payable	\$ 2,068,595	\$ 593,000	\$ 668,831	\$ 1,992,764	\$ 94,114
Premium on general obligation bonds		46,738	1,798	44,940	3,595
Deferred amount on refunding		(45,004)	(1,731)	(43,273)	(3,462)
Notes payable	44,976,323		2,294,089	42,682,234	2,340,393
Compensated absences	<u>380,781</u>		<u>79,631</u>	<u>301,150</u>	<u>114,235</u>
<b>Business-Type Activities Long-Term Liabilities</b>	<b><u>\$ 47,425,699</u></b>	<b><u>\$ 594,734</u></b>	<b><u>\$ 3,042,618</u></b>	<b><u>\$ 44,977,815</u></b>	<b><u>\$ 2,548,875</u></b>

For the governmental activities, compensated absences and OPEB obligations are generally liquidated by the General Fund.

As of June 30, 2012, 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 August 2013 to December 2030	\$ 29,199,057
General obligation pension bonds with interest rates ranging from .6% to 3.1% and varying expiration dates to August 2017	44,340,000
General obligation bonds with interest rates ranging from 2.0% - 5.125% and expiration dates from April 2013 to December 2030	<u>56,075,294</u>
Total	<u>\$ 129,614,351</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 13,785,886	\$ 4,053,456	\$ 17,839,342
2014	14,580,886	3,608,932	18,189,818
2015	14,310,361	3,252,852	17,563,213
2016	14,426,361	2,861,140	17,287,501
2017	14,567,361	2,433,152	17,000,513
2018-2022	35,835,805	7,003,562	42,839,367
2023-2027	16,134,481	2,636,728	18,771,209
2028-2031	<u>5,973,210</u>	<u>454,281</u>	<u>6,427,491</u>
Total	<u>\$ 129,614,351</u>	<u>\$ 26,304,103</u>	<u>\$ 155,918,454</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, 2012 was approximately \$480,278. Additional payments for bond principal aggregating approximately \$2.2 million are expected to be received through the bonds' maturity dates.

### Current Year Refunding

On December 21, 2011, the Town issued \$18,655,000 in General Obligation Refunding Bonds with interest rates of 1.0-5.0% to advance refund \$19,460,000 of outstanding 2002, 2007 and 2008 bonds with interest rates of 3.125-5.0%. The advance refunding was undertaken to reduce total debt service payments by \$1,632,413 and resulted in a net present value savings of \$1,415,145. The net proceeds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and are recorded in the General and Enterprise Funds. As a result, the bonds are considered to be defeased.

### **Prior Year Refunding**

In prior years, the Town had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2012, \$1,080,000 of bonds outstanding is considered defeased.

### **Compensated Absences**

Included in long-term liabilities is the estimated obligation for employee compensated absences that has not become due, aggregating \$6,747,323 as of June 30, 2012.

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, 2012 are as follows:

General purpose	\$ 5,446,521
Schools	72,981,215
Sewers	<u>3,043,627</u>
Total	\$ <u>81,471,363</u>

### **Business-Type Activities Obligations**

At June 30, 2012, long-term debt in the Enterprise Funds consists of the following:

General obligation sewer bonds with interest rates ranging from 3.2% to 12.75% and varying expiration dates ranging from 2013 to 2020	\$ 270,000
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	1,722,764
Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2030	<u>42,682,234</u>
Total	\$ <u>44,674,998</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,434,507	\$ 896,122	\$ 3,330,629
2014	2,452,980	844,967	3,297,947
2015	2,386,302	795,012	3,181,314
2016	2,295,730	747,510	3,043,240
2017	2,338,969	700,167	3,039,136
2018-2022	12,676,317	2,745,818	15,422,135
2023-2027	13,669,296	1,384,041	15,053,337
2028-2030	6,420,897	156,027	6,576,924
Total	<u>\$ 44,674,998</u>	<u>\$ 8,269,664</u>	<u>\$ 52,944,662</u>

### 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):

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 345,283	\$ 63,244	\$ 282,039
Schools	690,566	99,977	590,589
Sewers	575,471	45,996	529,475
Urban renewal	498,742		498,742
Pension deficit	460,377	44,340	416,037

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 (\$1,074.2 million).

## Capital Leases

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

The assets acquired through capital leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 1,376,336
2014	423,464
2015	11,100
2016	11,100
2017	28,461
Thereafter	598,808
Total minimum lease payments	<u>2,449,269</u>
Less amount representing interest	<u>(149,414)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,299,855</u>

The net book value approximates the capital lease principal balance payable at June 30, 2012.

There were no principal payments for 2011-2012. The following is a summary of capital lease commitments as of June 30, 2012.

Construction in progress	\$ 2,299,855
Less accumulated depreciation	<u>                    </u>
Net Book Value	<u>\$ 2,299,855</u>

## 8. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 32,474	\$ 32,474
Restricted for:				
Grants			78,787	78,787
Education			2,704,990	2,704,990
Committed to:				
Human development			1,545,440	1,545,440
Physical development			599,252	599,252
Public safety			292,403	292,403
Capital projects		15,607,578		15,607,578
Assigned to:				
General government	273,694			273,694
Physical development	23,716			23,716
Education	1,906,343			1,906,343
Dog Fund	80,544			80,544
Unassigned	<u>8,790,145</u>		<u>(337,931)</u>	<u>8,452,214</u>
 Total Fund Balances	 <u>\$ 11,074,442</u>	 <u>\$ 15,607,578</u>	 <u>\$ 4,915,415</u>	 <u>\$ 31,597,435</u>

Significant encumbrances at June 30, 2012 are contained in the above table in both the assigned and committed categories

## 9. RISK MANAGEMENT

The Town is self-insured for workers' compensation and heart and hypertension benefits. The Town recognizes a liability for workers' compensation claims payable 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:

<u>Fiscal Year</u>	<u>Claims Payable, July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Payment Of Claims</u>	<u>Claims Payable, June 30</u>
2011	\$ 6,742,000	\$ 13,931,066	\$ 12,658,249	\$ 8,014,817
2012	8,014,817	14,748,353	14,229,273	8,533,897

## 10. 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 has entered into a municipal solid waste agreement, as amended (the Service Agreement) with the Connecticut Resources Recovery Authority (the Authority) pursuant to which it participates with 11 other Connecticut municipalities (the 12 constituting the Contracting Municipalities), in the Greater Bridgeport Resources Recovery System (the System). This agreement took effect on January 1, 2009 and expires on June 30, 2014.

The key terms of this Service Agreement include: The Town of Stratford is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 27,144 tons per year. The aggregate minimum commitment of all of the Contracting Municipalities is 265,000 tons per year.

The 2012 tipping fee is \$63.03 per ton and is adjusted annually based on 75% of the increase in the consumer price index (CPI). Tipping fees adjustments will be applied as changes occur to the cost of diesel fuel, as environmental costs increase and as additional taxes are imposed. The 2012 CRRRA (Authority) fee is \$2.08 per ton and will be adjusted annually based on the CPI.

Towns not delivering their guaranteed minimum tonnage shall share, as agreed to among the municipalities or proportionately, any lost tip fees resulting from the failure to deliver 90% of the aggregate guaranteed tonnage in any contract year. Towns delivering in excess of their guaranteed minimum shall share the cost of any excess waste disposal charges imposed upon delivery of more than 110% of the aggregate guaranteed tonnage in any one year. Adjustments to aggregate guaranteed tonnage may occur if reductions are realized through new recycling ventures.

## 11. OTHER POSTEMPLOYMENT BENEFITS

### Post Employment Benefits

#### A. 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, 2010, plan membership consisted of the following:

Active members	1,095
Retired members	797
Spouses of retired members	<u>353</u>
Total Participants	<u><u>2,245</u></u>

#### B. Funding Policy

During the year, the Town established the OPEB Trust Fund and made contributions to the fund. This trust fund was opened for the purpose of segregating balances for post employment benefits. The activity for the current year is reflected in the internal service funds, but will be shown in the OPEB Trust Fund in future years. 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.

## **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.

## **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.

**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.

### **C. Description of Actuarial Assumptions and Methods**

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

	<u>Town</u>	<u>Board of Education</u>
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level dollar	Level dollar
Remaining amortization period	28 years - closed	28 years - closed
Actuarial assumptions:		
Investment rate of return	7.75%/annum	7.75%/annum
Medical inflation rate	4.0%/annum	4.0%/annum

### **D. 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):

	<u>Town</u>	<u>Board of Education</u>
Annual required contribution (ARC)	\$ 6,511,300	\$ 4,390,000
Interest on OPEB obligation	1,231,200	953,900
Adjustment to annual required contribution	<u>(989,800)</u>	<u>(766,900)</u>
Annual OPEB cost	6,752,700	4,577,000
Contributions made	<u>3,516,400</u>	<u>3,002,000</u>
Increase in net OPEB obligation	3,236,300	1,575,000
Net OPEB obligation, beginning of year	<u>15,887,000</u>	<u>12,308,400</u>
Net OPEB Obligation, End of Year	<u>\$ 19,123,300</u>	<u>\$ 13,883,400</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, 2012 is presented below.

**Town**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2012	\$ 6,752,700	\$ 3,516,400	52.1	\$ 19,123,300
6/30/2011	9,186,500	3,265,600	35.5	15,887,000
6/30/2010	8,630,200	3,113,100	36.1	9,966,100

**Board of Education**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2012	\$ 4,577,000	\$ 3,002,000	65.6	\$ 13,883,400
6/30/2011	5,761,900	2,074,200	36.0	12,308,400
6/30/2010	5,419,300	2,019,400	49.4	8,620,700

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**

**Town**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -0-	\$ 55,487,000	\$ 55,487,000	0.0 %	N/A	N/A
7/1/2008	-0-	58,760,000	58,760,000	0.0	N/A	N/A
7/1/2010	-0-	67,290,000	67,290,000	0.0	N/A	N/A

**Board of Education**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -0-	\$ 42,562,000	\$ 42,562,000	0.0 %	N/A	N/A
7/1/2008	-0-	63,155,000	63,155,000	0.0	N/A	N/A
7/1/2010	-0-	44,046,000	44,046,000	0.0	N/A	N/A

## Schedule of Employer Contributions

### Town

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6-30-12	\$ 6,511,300	54.0%
6-30-11	9,171,800	35.6
6-30-10	8,617,400	36.1

### Board of Education

<u>Fiscal Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6-30-12	\$ 4,390,000	68.4%
6-30-11	5,749,200	36.1
6-30-10	5,404,400	37.4

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.

## 12. LANDFILL CLOSURE AND POSTCLOSURE 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 postclosure care, aggregating approximately \$12.0 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, 2012. However, the actual cost of closure and postclosure 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.

### 13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

#### Employee Defined Benefit Pension Plan

##### A. 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, 2010, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries:	
Currently receiving benefits	599
Vested, benefits deferred	18
Current employees:	
Vested	246
Nonvested	95
Suspended	21
	<hr/>
Total	979
	<hr/> <hr/>

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.

##### B. Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:** Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. 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.

##### C. 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.

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.

#### D. Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the plan for the year ended June 30, 2012 were as follows:

Annual required contribution	\$ 8,521,128
Interest on net pension obligation	(1,209,724)
Adjustment to annual required contribution	<u>985,121</u>
Annual pension cost	8,296,525
Contributions made	<u>8,493,774</u>
Increase in net pension asset	(197,249)
Net Pension Asset, July 1, 2011	<u>(14,663,325)</u>
Net Pension Asset, June 30, 2012	<u>\$ (14,860,574)</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	25 years
Asset valuation method	Fair value-smoothed
Investment rate of return	8.25% per annum
Retirement:	
Police	25 years of continuous service
Fire	25 years of continuous service
Board of Education and Supervisors	23 years of continuous service and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Para-Professionals	23 years of continuous service 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.

Mortality table 1994 Group Annuity Mortality Table  
 Salary increases 1.5% per annum  
 Inflation rate 2.5% per annum  
 Post-retirement benefit increases 0.0% per annum

**E. Trend Information**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/12	\$ 8,296,525	102.4%	\$ (14,860,574)
6/30/11	8,413,247	101.3	(14,663,325)
6/30/10	7,090,252	102.0	(14,550,174)

**Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/12	\$ 8,521,128	99.7%
6/30/11	8,526,398	100.0
6/30/10	7,233,412	100.0
6/30/09	5,622,712	93.2
6/30/08	5,646,579	100.4
6/30/07	12,435,843	897.8

**F. Pension Plan Required Supplementary Information**

**Schedule of Funding Progress  
(In Thousands)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/10	\$ 116,886	\$ 238,530	\$ 121,644	49.0	\$ 23,992	507.0
7/1/09	123,652	232,659	92,796	53.1	24,238	449.7
7/1/08	132,753	225,549	92,796	58.9	24,002	386.6
7/1/07	136,090	208,935	72,845	65.1	24,495	297.4
7/1/06	11,053	204,337	193,284	5.4	24,882	537.0
7/1/05	15,502	195,581	180,079	8.0	26,482	680.0

## **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. 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, 2012 and 2011, were \$725,649 and \$687,164, respectively.

## **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 \$9,401,196 for the year ended June 30, 2012.

**Required Supplementary  
Information**

## TOWN OF STRATFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current levy	\$ 149,604,048	\$ 149,604,048	\$ 149,993,765	\$ 389,717
Arrears	1,950,000	1,950,000	1,612,570	(337,430)
Interest and lien fees	1,013,000	1,013,000	1,097,454	84,454
Payments in lieu of taxes	171,015	171,015	222,446	51,431
Total property taxes	<u>152,738,063</u>	<u>152,738,063</u>	<u>152,926,235</u>	<u>188,172</u>
Intergovernmental revenues:				
State:				
Education equalization grant	20,495,602	20,495,602	20,532,025	36,423
School bond principal	478,823	478,823	685,819	206,996
School bond interest	99,999	99,999	87,957	(12,042)
Special education	1,642,536	1,642,536	1,791,414	148,878
Veterans' additional relief	163,590	163,590	166,280	2,690
Aid for the blind	13,284	13,284		(13,284)
In lieu of State property tax	376,140	376,140	376,662	522
Health and welfare	81,559	81,559	83,530	1,971
State disability exemption	10,096	10,096	9,867	(229)
Elderly exemption and circuit breaker	562,675	562,675	561,341	(1,334)
Elderly freeze	12,834	12,834	10,000	(2,834)
State transportation	258,598	258,598	234,780	(23,818)
State nonpublic transportation	56,038	56,038	67,302	11,264
State telephone 86-178	120,000	120,000	123,786	3,786
Municipal revenue sharing	3,297,640	3,297,640	2,540,108	(757,532)
Airplane registration	47,560	47,560	53,990	6,430
Mashantucket grant	134,282	134,282	106,010	(28,272)
Total state	<u>27,851,256</u>	<u>27,851,256</u>	<u>27,430,871</u>	<u>(420,385)</u>
Federal:				
Civil preparedness	13,000	13,000	10,412	(2,588)
Federal grants			20,235	20,235
Total federal	<u>13,000</u>	<u>13,000</u>	<u>30,647</u>	<u>17,647</u>
Total intergovernmental revenues	<u>27,864,256</u>	<u>27,864,256</u>	<u>27,461,518</u>	<u>(402,738)</u>

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Departmental revenues:				
Town Clerk	\$ 810,134	\$ 810,134	\$ 616,231	\$ (193,903)
Police Department	79,304	79,304	65,331	(13,973)
Planning and Zoning	63,050	63,050	80,831	17,781
Health Department	214,625	214,625	214,915	290
Education	76,000	76,000	174,665	98,665
Public Works	80,981	80,981	14,812	(66,169)
Finance	60,000	60,000	393,858	333,858
Recreation	266,600	266,600	267,670	1,070
Sanitation	250,000	250,000	173,339	(76,661)
Inland Wetlands	26,000	26,000	17,534	(8,466)
Baldwin Center	7,500	7,500	8,150	650
Total departmental revenues	<u>1,934,194</u>	<u>1,934,194</u>	<u>2,027,336</u>	<u>93,142</u>
Licenses and permits:				
Building permits	320,000	319,381	309,090	(10,291)
Boothe Memorial Park income	36,000	36,619	42,444	5,825
Building education training fee	1,400	1,400	286	(1,114)
Public Works licenses	1,300	1,300	1,200	(100)
Street and sewer permits	15,000	15,000	26,665	11,665
Total licenses and permits	<u>373,700</u>	<u>373,700</u>	<u>379,685</u>	<u>5,985</u>
Investment income	<u>220,000</u>	<u>220,000</u>	<u>62,263</u>	<u>(157,737)</u>
Other:				
Miscellaneous rental:				
Cell tower rentals	77,476	77,476	103,965	26,489
Other Baldwin rental	5,500	5,500	2,580	(2,920)
Land use rent	650,000	650,000	650,000	
Medicare reimbursement	70,000	70,000	38,765	(31,235)
Health reimbursements	1,895,000	1,895,000	2,364,977	469,977
Social Security reimbursements	331,854	331,854	307,984	(23,870)
Fire and liability reimbursements	208,946	208,946	208,946	-
Fire administration miscellaneous revenue	11,000	11,000	36,700	25,700
Medical examination reimbursements	24,000	24,000	17,702	(6,298)
Workers' compensation reimbursement	224,515	224,515	224,515	-
Workers' compensation recovery	50,000	50,000	50,000	-

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other (continued):				
Insurance recovery	\$ 8,000	\$ 8,000	\$ 219,350	\$ 211,350
Historic Commission fees	350	350	210	(140)
Capital Improvement Earnings	400,000	400,000	29,965	(370,035)
Donation			250	250
Plan forfeits	1,900	1,900	50	(1,850)
Police special duty - administration	68,750	68,750	83,151	14,401
Police special duty - reimbursement			1,040,083	1,040,083
Miscellaneous	490,648	490,648	25,122	(465,526)
Boothe Estates	35,439	35,439	36,295	856
Total other	<u>4,553,378</u>	<u>4,553,378</u>	<u>5,440,610</u>	<u>887,232</u>
Total revenues	187,683,591	187,683,591	188,297,647	614,056
Other financing sources:				
Transfers in	<u>855,000</u>	<u>855,000</u>	<u>700,000</u>	<u>(155,000)</u>
Total	<u>\$ 188,538,591</u>	<u>\$ 188,538,591</u>	188,997,647	<u>\$ 459,056</u>

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	9,401,196
Issuance of refunding bonds not budgeted	18,062,000
Premium on bond refunding not budgeted	1,423,580
Dog Fund revenue not budgeted in the General Fund	<u>27,773</u>

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

\$ 217,912,196

## TOWN OF STRATFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Administration:				
Council Clerk	\$ 72,224	\$ 72,224	\$ 64,658	\$ 7,566
Office of the Mayor	262,990	262,990	243,142	19,848
Human resources	591,900	591,900	667,725	(75,825)
Town Attorney	1,598,808	1,598,808	1,798,015	(199,207)
Chief Administrative Officer	217,500	217,500	225,038	(7,538)
Department of Planning	344,816	344,816	315,614	29,202
Registrar of Voters	218,165	218,165	188,239	29,926
Town Clerk	362,563	362,563	342,339	20,224
Town buildings	591,600	591,600	504,379	87,221
Agencies	150,335	150,335	126,841	23,494
Total	<u>4,410,901</u>	<u>4,410,901</u>	<u>4,475,990</u>	<u>(65,089)</u>
Contingency	<u>2,816,721</u>	<u>2,816,721</u>	<u>3,030,673</u>	<u>(213,952)</u>
Employee benefits	<u>26,366,283</u>	<u>26,366,283</u>	<u>26,010,355</u>	<u>355,928</u>
Finance:				
Administration	153,909	153,909	166,738	(12,829)
Accounting	419,563	419,563	472,454	(52,891)
Data processing	536,690	536,690	490,138	46,552
Purchasing	152,542	152,542	167,256	(14,714)
Tax Assessor	393,222	393,222	404,717	(11,495)
Tax Collector	440,786	440,786	413,284	27,502
Total	<u>2,096,712</u>	<u>2,096,712</u>	<u>2,114,587</u>	<u>(17,875)</u>
Human development:				
Community services	238,555	238,555	236,675	1,880
Economic Community Development	103,941	103,941	81,660	22,281
Health Department	533,170	533,171	542,564	(9,393)
Recreation Department	570,628	570,628	632,786	(62,158)
Senior Services	541,745	541,745	501,927	39,818
Sterling House	126,885	126,885	126,885	-
Stratford Library Association	2,824,217	2,824,217	2,751,917	72,300
Visiting Nurses Association	53,500	53,500	53,500	-
Short Beach	138,543	138,543	136,031	2,512
Total	<u>5,131,184</u>	<u>5,131,185</u>	<u>5,063,945</u>	<u>67,240</u>

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Physical development:				
Public works:				
Administration	\$ 1,095,852	\$ 1,095,852	\$ 1,074,903	\$ 20,949
Building inspection	227,423	227,423	229,054	(1,631)
Building maintenance	1,504,222	1,504,221	1,417,214	87,007
Engineering	526,204	526,204	529,767	(3,563)
Parks	1,785,274	1,785,274	1,774,068	11,206
Highways	2,393,660	2,393,660	2,092,665	300,995
Town garage	659,874	659,874	642,070	17,804
Sanitation/refuse	4,006,758	4,006,758	3,745,941	260,817
Total	<u>12,199,267</u>	<u>12,199,266</u>	<u>11,505,682</u>	<u>693,584</u>
Public safety:				
Fire Department:				
Administration	619,237	619,237	568,469	50,768
Firefighting	9,631,885	9,631,885	9,911,617	(279,732)
Fire prevention	292,139	292,139	294,867	(2,728)
Police Department:				
Administration	1,111,019	1,111,019	919,312	191,707
Investigation	1,594,438	1,594,438	1,690,703	(96,265)
Patrol	5,277,784	5,277,784	6,467,524	(1,189,740)
Records	227,242	227,242	229,453	(2,211)
Traffic	1,060,175	1,060,175	798,054	262,121
Professional Standards	533,618	533,618	311,230	222,388
Communications center	810,650	810,650	968,023	(157,373)
Total	<u>21,158,187</u>	<u>21,158,187</u>	<u>22,159,252</u>	<u>(1,001,065)</u>
Board of Education	<u>93,402,182</u>	<u>93,402,182</u>	<u>93,379,331</u>	<u>22,851</u>
Debt service:				
Bonds payable:				
Principal retirement	14,752,969	14,752,969	14,267,969	485,000
Interest	4,111,298	4,111,298	2,867,966	1,243,332
Total	<u>18,864,267</u>	<u>18,864,267</u>	<u>17,135,935</u>	<u>1,728,332</u>
Total expenditures	<u>186,445,704</u>	<u>186,445,704</u>	<u>184,875,750</u>	<u>1,569,954</u>

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers out	\$ 2,092,887	\$ 2,092,887	\$ 1,391,114	\$ 701,773
Total	\$ 188,538,591	\$ 188,538,591	186,266,864	\$ 2,271,727

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

9,401,196

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

(12,150)

Payment to escrow agent not budgeted

19,324,375

Refunding bond issuance cost not budgeted

161,205

Dog Fund expenditures not budgeted in the general fund

279,627

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

\$ 215,421,117

# **Combining and Individual Fund Statements and 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.

## TOWN OF STRATFORD, CONNECTICUT

## GENERAL FUND

## BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,726,393	\$ 16,917,401
Investments		
Receivables, net	7,822,638	8,810,656
Due from other funds	<u>44,941,165</u>	<u>27,984,816</u>
Total Assets	<u>\$ 56,490,196</u>	<u>\$ 53,712,873</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 3,639,950	\$ 5,140,704
Accrued liabilities	904,171	1,345,807
Deferred revenue	5,816,019	7,410,629
Due to other funds	<u>35,055,614</u>	<u>31,232,370</u>
Total liabilities	<u>45,415,754</u>	<u>45,129,510</u>
Fund balance:		
Assigned	2,284,297	2,322,228
Unassigned	<u>8,790,145</u>	<u>6,261,135</u>
Total fund balance	<u>11,074,442</u>	<u>8,583,363</u>
Total Liabilities and Fund Balance	<u>\$ 56,490,196</u>	<u>\$ 53,712,873</u>

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

Grand List	Uncollected Taxes July 1, 2011	Current Levy	Lawful Corrections	Transfers To Suspense	Adjusted Taxes Collectible	Collections				Total Collected	Uncollected Taxes June 30, 2012
						Taxes Paid	Interest	Lien	Other		
2010	\$	\$ 153,754,179	\$ (827,270)	\$ (5,332)	\$ 152,921,577	\$ 150,227,449	\$ 589,747	\$ 883	\$ 47,239	\$ 150,865,318	\$ 2,694,128
2009	3,450,663		(783,499)		2,667,164	1,882,688	358,018	6,755	45,307	2,292,768	784,476
2008	985,341		(219,099)		766,242	163,806	98,498	1,272	54,445	318,021	602,436
2007	494,121		(108,242)	(367,726)	18,153	3,179	7,291	864	6,881	18,215	14,974
2006	62,790		(98,883)		(36,093)	(34,703)	(18,188)	480	2,630	(49,781)	(1,390)
2005	5,704		39		5,743	85	(493)	408		-	5,658
2004	20,687				20,687	47	(257)	219	9	18	20,640
2003	28,590				28,590	136	67	96		299	28,454
2002	4,384				4,384	15	(87)	72		-	4,369
2001	115,307		(93)		115,214	449	938		238	1,625	114,765
2000	286,753				286,753	114	196		51	361	286,639
1999	83,691		(331)		83,360	138	264		70	472	83,222
1998	93,810				93,810	65	141		34	240	93,745
1997	117,887				117,887	67	156		49	272	117,820
1996	83,649				83,649	454	163		93	710	83,195
	<u>\$ 5,833,377</u>	<u>\$ 153,754,179</u>	<u>\$ (2,037,378)</u>	<u>\$ (373,058)</u>	<u>\$ 157,177,120</u>	<u>\$ 152,243,989</u>	<u>\$ 1,036,454</u>	<u>\$ 11,049</u>	<u>\$ 157,046</u>	<u>\$ 153,448,538</u>	<u>\$ 4,933,131</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

### 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

TOWN OF STRATFORD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
<b>Assets</b>							
Cash and cash equivalents	\$ 389,491	\$ 1,051	\$ 278,646	\$ 64,577	\$ 52,534	\$ 142,678	\$ 417,378
Investments							
Accounts receivable		336,902					
Intergovernmental	294,221	68,582					
Due from other funds		60,896	24,357		38,467		
Inventory	32,474						
<b>Total Assets</b>	<b>\$ 716,186</b>	<b>\$ 467,431</b>	<b>\$ 303,003</b>	<b>\$ 64,577</b>	<b>\$ 91,001</b>	<b>\$ 142,678</b>	<b>\$ 417,378</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 853,707	\$ 17,544	\$ 8,916	\$	\$ 4,595	\$	\$
Deferred revenue		336,902	278,646				
Due to other funds		102,222	15,441	2,852			
<b>Total liabilities</b>	<b>853,707</b>	<b>456,668</b>	<b>303,003</b>	<b>2,852</b>	<b>4,595</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>							
Nonspendable	32,474						
Restricted						142,678	
Committed		10,763		61,725	86,406		417,378
Unassigned	(169,995)						
<b>Total fund balance</b>	<b>(137,521)</b>	<b>10,763</b>	<b>-</b>	<b>61,725</b>	<b>86,406</b>	<b>142,678</b>	<b>417,378</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 716,186</b>	<b>\$ 467,431</b>	<b>\$ 303,003</b>	<b>\$ 64,577</b>	<b>\$ 91,001</b>	<b>\$ 142,678</b>	<b>\$ 417,378</b>

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2012

	<b>Special Revenue Funds</b>					
	<u>Railroad Property</u>	<u>Miscellaneous Grants</u>	<u>Department of Children and Family Services</u>	<u>Recreation</u>	<u>Town Aid Road</u>	<u>Senior Citizens</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 1,053,549	\$ 123,453	\$ 152,808	\$ 1,799,834	\$ 321,907	\$ 49,677
Investments						
Accounts receivable						
Intergovernmental		1,334,312	3,370		874,545	
Due from other funds		1,776	85,413	13,575	648,680	28,861
Inventory						
<b>Total Assets</b>	<u>\$ 1,053,549</u>	<u>\$ 1,459,541</u>	<u>\$ 241,591</u>	<u>\$ 1,813,409</u>	<u>\$ 1,845,132</u>	<u>\$ 78,538</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 15,553	\$ 103,884	\$ 2,080	\$ 13,586	\$ 15,950	\$ 2,365
Deferred revenue		617,955	73,946			
Due to other funds	157,597	884,248	86,778	1,821,213	1,673,426	
<b>Total liabilities</b>	<u>173,150</u>	<u>1,606,087</u>	<u>162,804</u>	<u>1,834,799</u>	<u>1,689,376</u>	<u>2,365</u>
<b>Fund balances:</b>						
Nonspendable						
Restricted			78,787		155,756	
Committed	880,399					76,173
Unassigned		(146,546)		(21,390)		
<b>Total fund balance</b>	<u>880,399</u>	<u>(146,546)</u>	<u>78,787</u>	<u>(21,390)</u>	<u>155,756</u>	<u>76,173</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,053,549</u>	<u>\$ 1,459,541</u>	<u>\$ 241,591</u>	<u>\$ 1,813,409</u>	<u>\$ 1,845,132</u>	<u>\$ 78,538</u>

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2012

**Special Revenue Funds**

	<b>Police Special Services</b>	<b>Harbor Management</b>	<b>Recycling</b>	<b>Gas Pipeline</b>	<b>Sewer Maintenance</b>	<b>Reserve</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 292,403	\$ 126,119	\$ 12,596	\$ 480,248	\$ 35,576	\$	\$ 5,794,525
Investments							-
Accounts receivable							336,902
Intergovernmental							2,575,030
Due from other funds						741,310	1,643,335
Inventory							32,474
<b>Total Assets</b>	<b>\$ 292,403</b>	<b>\$ 126,119</b>	<b>\$ 12,596</b>	<b>\$ 480,248</b>	<b>\$ 35,576</b>	<b>\$ 741,310</b>	<b>\$ 10,382,266</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$	\$ 2,549	\$	\$	\$ 24,047	\$	\$ 1,064,776
Deferred revenue						741,310	2,048,759
Due to other funds		13,516		2,579			4,759,872
<b>Total liabilities</b>	<b>-</b>	<b>16,065</b>	<b>-</b>	<b>2,579</b>	<b>24,047</b>	<b>741,310</b>	<b>7,873,407</b>
<b>Fund balances:</b>							
Nonspendable							32,474
Restricted							377,221
Committed	292,403	110,054	12,596	477,669	11,529		2,437,095
Unassigned							(337,931)
<b>Total fund balance</b>	<b>292,403</b>	<b>110,054</b>	<b>12,596</b>	<b>477,669</b>	<b>11,529</b>	<b>-</b>	<b>2,508,859</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 292,403</b>	<b>\$ 126,119</b>	<b>\$ 12,596</b>	<b>\$ 480,248</b>	<b>\$ 35,576</b>	<b>\$ 741,310</b>	<b>\$ 10,382,266</b>

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2012

Permanent Funds

	<u>Stratford High School</u>	<u>Bunnell High School</u>	<u>Stephen Boothe</u>	<u>David Boothe</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 246,082	\$ 70,997	\$ 34,046	\$ 82,664	\$ 433,789	\$ -	\$ 6,228,314
Investments			614,949	1,357,818	1,972,767		1,972,767
Accounts receivable					-		336,902
Intergovernmental					-		2,575,030
Due from other funds					-	(508,046)	1,135,289
Inventory					-		32,474
<b>Total Assets</b>	<u>\$ 246,082</u>	<u>\$ 70,997</u>	<u>\$ 648,995</u>	<u>\$ 1,440,482</u>	<u>\$ 2,406,556</u>	<u>\$ (508,046)</u>	<u>\$ 12,280,776</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,064,776
Deferred revenue					-		2,048,759
Due to other funds					-	(508,046)	4,251,826
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(508,046)</u>	<u>7,365,361</u>
<b>Fund balances:</b>							
Nonspendable					-		32,474
Restricted	246,082	70,997	648,995	1,440,482	2,406,556		2,783,777
Committed					-		2,437,095
Unassigned					-		(337,931)
<b>Total fund balance</b>	<u>246,082</u>	<u>70,997</u>	<u>648,995</u>	<u>1,440,482</u>	<u>2,406,556</u>	<u>-</u>	<u>4,915,415</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 246,082</u>	<u>\$ 70,997</u>	<u>\$ 648,995</u>	<u>\$ 1,440,482</u>	<u>\$ 2,406,556</u>	<u>\$ (508,046)</u>	<u>\$ 12,280,776</u>

TOWN OF STRATFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Revenues:							
Intergovernmental	\$ 1,649,847	\$ 890,560	\$ 4,273,390	\$	\$	\$	\$
Departmental revenue	1,693,008			100	5,675	425,694	
Licenses and permits							
Investment income							752
Other		25,102			80,472		
Total revenues	<u>3,342,855</u>	<u>915,662</u>	<u>4,273,390</u>	<u>100</u>	<u>86,147</u>	<u>425,694</u>	<u>752</u>
Expenditures:							
Current:							
Education	3,323,785		4,273,390			430,210	
Human development					73,541		
Physical development		902,437					
Public safety							
Capital outlay							
Total expenditures	<u>3,323,785</u>	<u>902,437</u>	<u>4,273,390</u>	<u>-</u>	<u>73,541</u>	<u>430,210</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,070</u>	<u>13,225</u>	<u>-</u>	<u>100</u>	<u>12,606</u>	<u>(4,516)</u>	<u>752</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	19,070	13,225	-	100	12,606	(4,516)	752
Fund Balances at Beginning of Year, as Restated	<u>(156,591)</u>	<u>(2,462)</u>	<u>-</u>	<u>61,625</u>	<u>73,800</u>	<u>147,194</u>	<u>416,626</u>
Fund Balances at End of Year	<u>\$ (137,521)</u>	<u>\$ 10,763</u>	<u>\$ -</u>	<u>\$ 61,725</u>	<u>\$ 86,406</u>	<u>\$ 142,678</u>	<u>\$ 417,378</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds						
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Town Aid Road	Senior Citizens	Police Special Services
Revenues:							
Intergovernmental	\$	\$ 2,627,440	\$ 216,432	\$	\$ 1,215,147	\$	\$
Departmental revenue				333,703		90,692	
Licenses and permits	352,412						
Investment income	1,997	17	24	312		43	907
Other							107,406
Total revenues	<u>354,409</u>	<u>2,627,457</u>	<u>216,456</u>	<u>334,015</u>	<u>1,215,147</u>	<u>90,735</u>	<u>108,313</u>
Expenditures:							
Current:							
Education							
Human development	266,853	2,655,106				77,906	
Physical development			374,020	386,055			
Public safety							48,518
Capital outlay					951,037		
Total expenditures	<u>266,853</u>	<u>2,655,106</u>	<u>374,020</u>	<u>386,055</u>	<u>951,037</u>	<u>77,906</u>	<u>48,518</u>
Excess (Deficiency) of Revenues over Expenditures	<u>87,556</u>	<u>(27,649)</u>	<u>(157,564)</u>	<u>(52,040)</u>	<u>264,110</u>	<u>12,829</u>	<u>59,795</u>
Other Financing Sources (Uses):							
Transfers in			150,467				
Transfers out	(100,000)						
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>150,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(12,444)	(27,649)	(7,097)	(52,040)	264,110	12,829	59,795
Fund Balances at Beginning of Year, as Restated	<u>892,843</u>	<u>(118,897)</u>	<u>85,884</u>	<u>30,650</u>	<u>(108,354)</u>	<u>63,344</u>	<u>232,608</u>
Fund Balances at End of Year	<u>\$ 880,399</u>	<u>\$ (146,546)</u>	<u>\$ 78,787</u>	<u>\$ (21,390)</u>	<u>\$ 155,756</u>	<u>\$ 76,173</u>	<u>\$ 292,403</u>

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TOWN OF STRATFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Harbor Management</u>	<u>Recycling</u>	<u>Gas Pipeline</u>	<u>Sewer Maintenance</u>	<u>Reserve</u>	<u>Total</u>
Revenues:						
Intergovernmental	\$ 28,456	\$	\$	\$	\$	\$ 10,901,272
Departmental revenue	49,198				402,491	3,000,561
Licenses and permits						352,412
Investment income			894			4,946
Other	2,777	975				216,732
Total revenues	<u>80,431</u>	<u>975</u>	<u>894</u>	<u>-</u>	<u>402,491</u>	<u>14,475,923</u>
Expenditures:						
Current:						
Education						8,027,385
Human development					402,491	3,475,897
Physical development	50,925		2,579			1,716,016
Public safety						48,518
Capital outlay	21,442					972,479
Total expenditures	<u>72,367</u>	<u>-</u>	<u>2,579</u>	<u>-</u>	<u>402,491</u>	<u>14,240,295</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,064</u>	<u>975</u>	<u>(1,685)</u>	<u>-</u>	<u>-</u>	<u>235,628</u>
Other Financing Sources (Uses):						
Transfers in						150,467
Transfers out						(100,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,467</u>
Net Change in Fund Balances	8,064	975	(1,685)	-	-	286,095
Fund Balances at Beginning of Year, as Restated	<u>101,990</u>	<u>11,621</u>	<u>479,354</u>	<u>11,529</u>	<u>-</u>	<u>2,222,764</u>
Fund Balances at End of Year	<u>\$ 110,054</u>	<u>\$ 12,596</u>	<u>\$ 477,669</u>	<u>\$ 11,529</u>	<u>\$ -</u>	<u>\$ 2,508,859</u>

(Continued on next page)

## TOWN OF STRATFORD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

**Permanent Funds**

	<u>Stratford High School</u>	<u>Bunnell High School</u>	<u>Stephen Boothe</u>	<u>David Boothe</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$ -	\$	\$ 10,901,272
Departmental revenue					-		3,000,561
Licenses and permits					-		352,412
Investment income	2,081	853	(25,516)	(65,109)	(87,691)		(82,745)
Other	3,563				3,563		220,295
Total revenues	<u>5,644</u>	<u>853</u>	<u>(25,516)</u>	<u>(65,109)</u>	<u>(84,128)</u>	<u>-</u>	<u>14,391,795</u>
Expenditures:							
Current:							
Education	20,850	2,565	17,312	12,315	53,042		8,080,427
Human development					-		3,475,897
Physical development					-		1,716,016
Public safety					-		48,518
Capital outlay					-		972,479
Total expenditures	<u>20,850</u>	<u>2,565</u>	<u>17,312</u>	<u>12,315</u>	<u>53,042</u>	<u>-</u>	<u>14,293,337</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(15,206)</u>	<u>(1,712)</u>	<u>(42,828)</u>	<u>(77,424)</u>	<u>(137,170)</u>	<u>-</u>	<u>98,458</u>
Other Financing Sources (Uses):							
Transfers in					-		150,467
Transfers out					-		(100,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,467</u>
Net Change in Fund Balances	(15,206)	(1,712)	(42,828)	(77,424)	(137,170)	-	148,925
Fund Balances at Beginning of Year, as Restated	<u>261,288</u>	<u>72,709</u>	<u>691,823</u>	<u>1,517,906</u>	<u>2,543,726</u>	<u>-</u>	<u>4,766,490</u>
Fund Balances at End of Year	<u>\$ 246,082</u>	<u>\$ 70,997</u>	<u>\$ 648,995</u>	<u>\$ 1,440,482</u>	<u>\$ 2,406,556</u>	<u>\$ -</u>	<u>\$ 4,915,415</u>

**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 funds with the following subfunds:

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
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 storm sewer system
Water Hookup		Water main construction for Whipporwill Lane
Capital Equipment	General Fund	Equipment purchases

**TOWN OF STRATFORD, CONNECTICUT**  
**CAPITAL PROJECTS FUND**  
**PROJECT COMBINING BALANCE SHEET**  
**JUNE 30, 2012**

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	<u>Capital Improvements</u>	<u>Capital Special Projects</u>	<u>Sidewalk and Roads</u>	<u>Sewer Revolving</u>	<u>Water Hookup</u>	<u>Capital Equipment</u>	<u>Interfund Eliminations</u>	<u>Total</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 2,299,855	\$ 12,143,126	\$ 529	\$ 819,005	\$ 1,155	\$ 1,138,470	\$	\$ 16,402,140
Special assessments			20,496	462,966	22,017			505,479
Due from other funds	<u>36,601,739</u>	<u>8,329</u>	<u></u>	<u>631,571</u>	<u></u>	<u></u>	<u>(6,316,764)</u>	<u>30,924,875</u>
Total Assets	<u>\$ 38,901,594</u>	<u>\$ 12,151,455</u>	<u>\$ 21,025</u>	<u>\$ 1,913,542</u>	<u>\$ 23,172</u>	<u>\$ 1,138,470</u>	<u>\$ (6,316,764)</u>	<u>\$ 47,832,494</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 291,881	\$ 517,825	\$	\$	\$	\$ 10,383	\$	\$ 820,089
Deferred revenue			20,496	462,966	22,017			505,479
Due to other funds		<u>32,359,014</u>	<u>34,757</u>	<u>168,770</u>	<u>163,765</u>	<u>4,489,806</u>	<u>(6,316,764)</u>	<u>30,899,348</u>
Total liabilities	<u>291,881</u>	<u>32,876,839</u>	<u>55,253</u>	<u>631,736</u>	<u>185,782</u>	<u>4,500,189</u>	<u>(6,316,764)</u>	<u>32,224,916</u>
Fund balances:								
Committed	<u>38,609,713</u>	<u>(20,725,384)</u>	<u>(34,228)</u>	<u>1,281,806</u>	<u>(162,610)</u>	<u>(3,361,719)</u>	<u>-</u>	<u>15,607,578</u>
Total Liabilities and Fund Balances	<u>\$ 38,901,594</u>	<u>\$ 12,151,455</u>	<u>\$ 21,025</u>	<u>\$ 1,913,542</u>	<u>\$ 23,172</u>	<u>\$ 1,138,470</u>	<u>\$ (6,316,764)</u>	<u>\$ 47,832,494</u>

## TOWN OF STRATFORD, CONNECTICUT

## CAPITAL PROJECTS FUND

## PROJECT COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Capital Improvements</u>	<u>Capital Special Projects</u>	<u>Sidewalk and Roads</u>	<u>Sewer Revolving</u>	<u>Water Hookup</u>	<u>Capital Equipment</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:								
Property taxes and assessments	\$	\$	\$ 10,361	\$ 116,800	\$ 15,890	\$	\$	\$ 143,051
Intergovernmental		111,707						111,707
Investment income				1,548	20,000			21,548
Total revenues	<u>-</u>	<u>111,707</u>	<u>10,361</u>	<u>118,348</u>	<u>35,890</u>	<u>-</u>	<u>-</u>	<u>276,306</u>
Expenditures:								
Capital outlay	<u>2,141</u>	<u>15,480,961</u>	<u>25,674</u>			<u>2,652,491</u>		<u>18,161,267</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,141)</u>	<u>(15,369,254)</u>	<u>(15,313)</u>	<u>118,348</u>	<u>35,890</u>	<u>(2,652,491)</u>	<u>-</u>	<u>(17,884,961)</u>
Other Financing Sources:								
Proceeds from bond issuance	8,212,115							8,212,115
Proceeds from capital lease	2,299,855							2,299,855
Transfers in		325,000				915,647		1,240,647
Total other financing sources	<u>10,511,970</u>	<u>325,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,647</u>	<u>-</u>	<u>11,752,617</u>
Net Change in Fund Balances	10,509,829	(15,044,254)	(15,313)	118,348	35,890	(1,736,844)	-	(6,132,344)
Fund Balances at Beginning of Year	<u>28,099,884</u>	<u>(5,681,130)</u>	<u>(18,915)</u>	<u>1,163,458</u>	<u>(198,500)</u>	<u>(1,624,875)</u>	<u>-</u>	<u>21,739,922</u>
Fund Balances at End of Year	<u>\$ 38,609,713</u>	<u>\$ (20,725,384)</u>	<u>\$ (34,228)</u>	<u>\$ 1,281,806</u>	<u>\$ (162,610)</u>	<u>\$ (3,361,719)</u>	<u>\$ -</u>	<u>\$ 15,607,578</u>

**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 Gull's Landing Miniature Golf Course.

## TOWN OF STRATFORD, CONNECTICUT

## ENTERPRISE FUNDS

## COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,015,390	\$ 301	\$ 1,015,691
Receivables:			
Accounts receivable, net	13,275		13,275
Due from other funds	2,434		2,434
Total current assets	<u>1,031,099</u>	<u>301</u>	<u>1,031,400</u>
Capital assets:			
Assets being depreciated, net	<u>187,650</u>	<u>38,737</u>	<u>226,387</u>
Total assets	<u>1,218,749</u>	<u>39,038</u>	<u>1,257,787</u>
Liabilities:			
Current:			
Accounts payable	11,761		11,761
Unearned revenue	2,250		2,250
Due to other funds	1,203,727	18,839	1,222,566
Compensated absences	11,318		11,318
Total current liabilities	<u>1,229,056</u>	<u>18,839</u>	<u>1,247,895</u>
Noncurrent liabilities:			
Compensated absences	<u>26,409</u>		<u>26,409</u>
Total liabilities	<u>1,255,465</u>	<u>18,839</u>	<u>1,274,304</u>
Net Assets:			
Invested in capital assets, net of related debt	187,650	38,737	226,387
Unrestricted	<u>(224,366)</u>	<u>(18,538)</u>	<u>(242,904)</u>
Total Net Assets	<u>\$ (36,716)</u>	<u>\$ 20,199</u>	<u>\$ (16,517)</u>

## TOWN OF STRATFORD, CONNECTICUT

## ENTERPRISE FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 263,922	\$ _____	\$ 263,922
Operating Expenses:			
Operating and maintenance	341,132		341,132
Depreciation	<u>109,180</u>	<u>11,068</u>	<u>120,248</u>
Total operating expenses	<u>450,312</u>	<u>11,068</u>	<u>461,380</u>
Operating Loss	<u>(186,390)</u>	<u>(11,068)</u>	<u>(197,458)</u>
Nonoperating Revenues:			
Interest income	<u>170</u>	<u>_____</u>	<u>170</u>
Loss Before Contributions	(186,220)	(11,068)	(197,288)
Capital Contributions	<u>13,275</u>	<u>_____</u>	<u>13,275</u>
Change in Net Assets	(172,945)	(11,068)	(184,013)
Net Assets at Beginning of Year	<u>136,229</u>	<u>31,267</u>	<u>167,496</u>
Net Assets at End of Year	\$ <u><u>(36,716)</u></u>	\$ <u><u>20,199</u></u>	\$ <u><u>(16,517)</u></u>

**TOWN OF STRATFORD, CONNECTICUT**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Short Beach Golf Course</b>	<b>Miniature Golf Course</b>	<b>Total</b>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 263,922	\$	\$ 263,922
Cash payments to suppliers	(169,212)		(169,212)
Cash payments to employees	(184,695)		(184,695)
Payments for interfund services used	365,118		365,118
Net cash provided by operating activities	<u>275,133</u>	<u>-</u>	<u>275,133</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	<u>(13,275)</u>		<u>(13,275)</u>
Net cash used in capital and related financing activities	<u>(13,275)</u>	<u>-</u>	<u>(13,275)</u>
Cash Flows from Investing Activities:			
Interest revenues	<u>170</u>		<u>170</u>
Net Increase in Cash and Cash Equivalents	262,028	-	262,028
Cash and Cash Equivalents at Beginning of Year	<u>753,362</u>	<u>301</u>	<u>753,663</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,015,390</u>	<u>\$ 301</u>	<u>\$ 1,015,691</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	\$ (186,390)	\$ (11,068)	\$ (197,458)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in accrued expenses	(12,775)		(12,775)
Increase in due to other funds	365,118		365,118
Net Cash Provided by Operating Activities	<u>\$ 275,133</u>	<u>\$ -</u>	<u>\$ 275,133</u>

# **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 worker's compensation claims.

## TOWN OF STRATFORD, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Due from other funds	\$ <u>3,771,469</u>	\$ <u>2,108,948</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable	\$ 62,569	\$ 26,971
Risk management claims	<u>8,533,897</u>	<u>8,014,817</u>
Total liabilities	8,596,466	8,041,788
Fund Equity:		
Net Assets:		
Unrestricted	<u>(4,824,997)</u>	<u>(5,932,840)</u>
Total Liabilities and Fund Equity	\$ <u>3,771,469</u>	\$ <u>2,108,948</u>

## TOWN OF STRATFORD, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

## FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Charges for services	\$ <u>15,891,794</u>	\$ <u>15,473,548</u>
Operating Expenses:		
Operating and maintenance	<u>14,783,951</u>	<u>13,628,674</u>
Change in Net Assets	1,107,843	1,844,874
Net Assets at Beginning of Year	<u>(5,932,840)</u>	<u>(7,777,714)</u>
Net Assets at End of Year	<u>\$ (4,824,997)</u>	<u>\$ (5,932,840)</u>

## TOWN OF STRATFORD, CONNECTICUT

## INTERNAL SERVICE FUNDS

## COMPARATIVE STATEMENT OF CASH FLOWS

## FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 15,891,794	\$ 15,473,548
Cash payments to suppliers	(14,229,273)	(12,658,249)
Payments for interfund services used	<u>(1,662,521)</u>	<u>(2,815,299)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,107,843	\$ 1,844,874
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in due from other funds	(1,662,521)	(2,815,299)
Increase in accounts payable	35,598	25,644
Increase in risk management claim liability	<u>519,080</u>	<u>944,781</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Fiduciary Fund**

## **FIDUCIARY FUND**

### **Agency Fund**

**Student Activity Fund** - established to account for various student activities.

## TOWN OF STRATFORD, CONNECTICUT

## AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>389,845</u>	\$ <u>1,618,569</u>	\$ <u>1,677,702</u>	\$ <u>330,712</u>
Liabilities:				
Due to student groups	\$ <u>389,845</u>	\$ <u>1,618,569</u>	\$ <u>1,677,702</u>	\$ <u>330,712</u>

**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

## NET ASSETS BY COMPONENT

## LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 57,747	49,667	\$ 46,587	\$ 45,101	\$ 51,011	\$ 51,351	\$ 43,229	\$ 38,060	\$ 41,507	\$ 41,507
Restricted	2,407	2,543	2,279	2,187	2,611	3,018	2,771			
Unrestricted	(47,371)	(46,500)	(36,777)	(30,284)	(35,633)	(42,043)	(34,058)	(22,914)	(28,260)	(28,260)
Total governmental activities net assets	<u>12,783</u>	<u>5,710</u>	<u>12,089</u>	<u>17,004</u>	<u>17,989</u>	<u>12,326</u>	<u>11,942</u>	<u>15,146</u>	<u>13,247</u>	<u>13,247</u>
Business-type activities:										
Invested in capital assets, net of related debt	19,806	20,691	21,674	26,998	29,187	37,156	16,638	14,657	13,426	13,426
Unrestricted	6,615	8,475	12,145	9,200	6,419	(9,414)	6,936	8,730	6,837	6,837
Total business-type activities net assets	<u>26,421</u>	<u>29,166</u>	<u>33,819</u>	<u>36,198</u>	<u>35,606</u>	<u>27,742</u>	<u>23,574</u>	<u>23,387</u>	<u>20,263</u>	<u>20,263</u>
Total:										
Invested in capital assets, net of related debt	77,553	70,358	68,261	72,099	80,198	88,507	59,867	52,717	54,933	54,934
Restricted	2,407	2,543	2,279	2,187	2,611	3,018	2,771			
Unrestricted	(40,756)	(38,025)	(24,632)	(21,084)	(29,214)	(51,457)	(27,122)	(14,184)	(21,423)	(21,423)
Total Net Assets	<u>\$ 39,204</u>	<u>\$ 34,876</u>	<u>\$ 45,908</u>	<u>\$ 53,202</u>	<u>\$ 53,595</u>	<u>\$ 40,068</u>	<u>\$ 35,516</u>	<u>\$ 38,533</u>	<u>\$ 33,510</u>	<u>\$ 33,511</u>

## Notes:

Schedule prepared on the accrual basis of accounting.

TOWN OF STRATFORD, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ (38,445)	\$ (38,499)	\$ (35,722)	\$ (27,808)	\$ (32,424)	\$ (33,510)	\$ (33,698)	\$ (11,164)	\$ (11,569)	\$ (7,862)
Human development	(9,029)	(8,033)	(7,227)	(7,347)	(6,426)	(6,628)	(7,671)	(7,993)	(7,771)	(6,758)
Physical development	(15,466)	(15,099)	(15,466)	(16,734)	(15,742)	(15,483)	(17,331)	(16,078)	(16,501)	(16,262)
Public safety	(23,712)	(29,459)	(23,314)	(23,053)	(22,943)	(21,777)	(20,302)	(23,735)	(21,713)	(19,387)
Education	(114,759)	(115,686)	(113,161)	(111,307)	(123,854)	(91,018)	(89,072)	(100,201)	(92,120)	(86,380)
Debt service	(3,484)	(6,033)	(7,470)	(7,242)	(7,588)	(7,605)	(7,049)	(7,859)	(9,792)	(11,053)
Total governmental activities expenses	<u>(204,895)</u>	<u>(212,809)</u>	<u>(202,360)</u>	<u>(193,491)</u>	<u>(208,977)</u>	<u>(176,021)</u>	<u>(175,123)</u>	<u>(167,030)</u>	<u>(159,466)</u>	<u>(147,702)</u>
Business-type activities:										
Waste Operating	(9,654)	(11,685)	(9,864)	(8,490)	(5,624)	(3,842)	(4,473)	(4,512)	(4,582)	(4,349)
Other	(1,745)	(1,739)	(1,559)	(1,590)	(1,449)	(2,755)	(1,504)	(1,290)	(622)	(417)
Total business-type activities	<u>(11,399)</u>	<u>(13,424)</u>	<u>(11,423)</u>	<u>(10,080)</u>	<u>(7,073)</u>	<u>(6,597)</u>	<u>(5,977)</u>	<u>(5,802)</u>	<u>(5,204)</u>	<u>(4,766)</u>
Total Expenses	<u>(216,294)</u>	<u>(226,233)</u>	<u>(213,783)</u>	<u>(203,571)</u>	<u>(216,050)</u>	<u>(182,618)</u>	<u>(181,100)</u>	<u>(172,832)</u>	<u>(164,670)</u>	<u>(152,468)</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	2,201	1,652	1,239	1,010	1,646	8,994	7,329	4,742	4,825	3,693
Human Development	3,844	4,132	4,087	2,783	4,376					
Physical Development	619	876	936	1,148	448					
Public Safety	1,462	1,422	1,262	1,117	2,072					
Education	2,294	2,135	2,251	1,929	2,208					
Operating grants and contributions	43,581	40,374	38,694	39,737	61,968	28,496	30,325	28,380	22,528	24,526
Capital grants and contributions		146	226	100	109	1,027	966	6,361	5,997	6,099
Total governmental activities program revenues	<u>54,001</u>	<u>50,737</u>	<u>48,695</u>	<u>47,824</u>	<u>72,827</u>	<u>38,517</u>	<u>38,620</u>	<u>39,483</u>	<u>33,350</u>	<u>34,318</u>
Business-type activities:										
Charges for services	9,215	8,890	8,277	8,268	8,182	7,836	6,850	7,232	5,298	4,781
Capital grants and contributions	13	518	1,285	2,741	7,031	2,755	1,365	1,328	73	184
Total business-type activities program revenues	<u>9,228</u>	<u>9,408</u>	<u>9,562</u>	<u>11,009</u>	<u>15,213</u>	<u>10,591</u>	<u>8,215</u>	<u>8,560</u>	<u>5,371</u>	<u>4,965</u>
Total Primary Government Program Revenues	<u>63,229</u>	<u>60,145</u>	<u>58,257</u>	<u>58,833</u>	<u>88,040</u>	<u>49,108</u>	<u>46,835</u>	<u>48,043</u>	<u>38,721</u>	<u>39,283</u>
Net revenues (expenses):										
Governmental activities	(150,894)	(162,072)	(153,665)	(145,667)	(136,150)	(137,504)	(136,503)	(127,547)	(126,116)	(113,384)
Business-type activities	(2,171)	(4,016)	(1,861)	929	8,140	3,994	2,238	2,758	167	199
Total Net Expense	<u>(153,065)</u>	<u>(166,088)</u>	<u>(155,526)</u>	<u>(144,738)</u>	<u>(128,010)</u>	<u>(133,510)</u>	<u>(134,265)</u>	<u>(124,789)</u>	<u>(125,949)</u>	<u>(113,185)</u>
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	152,523	150,503	143,292	139,086	135,680	128,772	120,955	118,321	112,580	106,081
Grants and contributions not restricted to specific purposes	3,948	3,986	4,209	4,203	4,269	6,170	3,099	3,948	3,912	1,086
Unrestricted investment earnings	1	453	619	830	1,311	2,719	5,939	8,989	7,839	2,940
Miscellaneous	894	72	29							
Transfers	600	680	602	562	553	229	223			
Total governmental activities	<u>157,966</u>	<u>155,694</u>	<u>148,751</u>	<u>144,681</u>	<u>141,813</u>	<u>137,890</u>	<u>130,216</u>	<u>131,258</u>	<u>124,331</u>	<u>110,107</u>
Business-type activities:										
Property transfer							281		27	
Unrestricted investment earnings	27	42	85	225	277	402				(107)
Grants and contributions not restricted							(1,066)	172		
Funding reimbursement										
Transfers	(600)	(680)	(602)	(562)	(553)	(229)	(223)			
Total business-type activities	<u>(573)</u>	<u>(638)</u>	<u>(517)</u>	<u>(337)</u>	<u>(276)</u>	<u>173</u>	<u>(1,008)</u>	<u>172</u>	<u>27</u>	<u>(107)</u>
Total Primary Government General Revenues	<u>157,393</u>	<u>155,056</u>	<u>148,234</u>	<u>144,344</u>	<u>141,537</u>	<u>138,063</u>	<u>129,208</u>	<u>131,430</u>	<u>124,358</u>	<u>110,000</u>
Changes in Net Assets:										
Governmental activities	7,072	(6,378)	(4,914)	(986)	5,663	386	(6,287)	3,711	(1,785)	(3,277)
Business-type activities	(2,744)	(4,654)	(2,378)	592	7,864	4,167	1,230	2,930	194	92
Total Primary Government Changes in Net Assets	<u>\$ 4,328</u>	<u>\$ (11,032)</u>	<u>\$ (7,292)</u>	<u>\$ (394)</u>	<u>\$ 13,527</u>	<u>\$ 4,553</u>	<u>\$ (5,057)</u>	<u>\$ 6,641</u>	<u>\$ (1,591)</u>	<u>\$ (3,185)</u>

Notes: Schedule prepared on the accrual basis of accounting.

**TOWN OF STRATFORD, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

		FISCAL YEAR									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:											
Reserved	\$	\$	\$	1,894	2,363	3,469	1,696	1,017	665	1,056	901
Unreserved				6,604	8,438	8,220	8,148	7,232	8,347	8,822	7,972
Assigned		2,284	2,322								
Unassigned		8,790	6,261								
<b>Total General Fund</b>	<b>\$</b>	<b><u>11,074</u></b>	<b><u>8,583</u></b>	<b><u>8,498</u></b>	<b><u>10,801</u></b>	<b><u>11,689</u></b>	<b><u>9,844</u></b>	<b><u>8,249</u></b>	<b><u>9,012</u></b>	<b><u>9,878</u></b>	<b><u>8,873</u></b>
All other governmental funds:											
Reserved	\$	\$	\$	24	24	24	24	106,715	104,901	98,936	90,761
Unreserved				23,026	19,292	17,650	11,563	14,551	16,010	12,322	7,890
Nonspendable		32	33								
Restricted		2,784	2,777								
Committed		18,045	24,116								
Unassigned		(338)	(419)								
<b>Total All Other Governmental Funds</b>	<b>\$</b>	<b><u>20,523</u></b>	<b><u>26,507</u></b>	<b><u>23,050</u></b>	<b><u>19,316</u></b>	<b><u>17,674</u></b>	<b><u>11,587</u></b>	<b><u>121,266</u></b>	<b><u>120,911</u></b>	<b><u>111,258</u></b>	<b><u>98,651</u></b>

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

**TOWN OF STRATFORD, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes and assessments	\$ 153,069	\$ 150,408	\$ 140,553	\$ 139,446	\$ 135,778	\$ 131,776	\$ 121,853	\$ 119,024	\$ 113,157	\$ 106,913
Intergovernmental	47,876	45,050	43,636	42,929	69,422	36,908	36,955	35,685	33,250	30,369
Department revenue	5,028	4,949	5,154	4,564	5,445	5,452	5,362	5,186	4,484	3,584
Licenses and permits	760	831	653	685	755	895	794	883	683	676
Investment income	1	454	351	830	1,310	2,838	5,939	7,528	7,987	2,952
Other	5,661	4,543	4,265	4,694	4,452	3,990	3,125	4,683	4,394	1,819
Total revenues	<u>212,395</u>	<u>206,235</u>	<u>194,612</u>	<u>193,148</u>	<u>217,162</u>	<u>181,859</u>	<u>174,028</u>	<u>172,989</u>	<u>163,955</u>	<u>146,313</u>
Expenditures:										
Administration	4,421	4,354	4,534	4,369	4,207	3,566	3,403	3,057	3,512	3,068
Contingency	3,031	2,087	2,256	2,137	2,545	3,212	3,499	3,883	3,315	2,848
Employee benefits	26,010	25,324	21,169	19,096	18,522	122,928	17,109	14,577	12,292	7,780
Finance	2,115	2,015	1,890	1,969	1,825	1,729	1,731	1,828	1,523	1,456
Human development	8,554	7,762	7,032	7,082	6,184	6,310	7,008	9,181	6,729	5,964
Physical development	13,222	13,422	13,644	15,337	14,557	13,361	11,417	12,015	10,828	11,720
Public safety	22,487	22,389	21,673	22,025	22,001	21,148	19,668	18,721	18,153	16,777
Education	110,889	107,915	104,512	102,140	122,241	90,911	86,860	78,751	76,367	74,102
Capital outlay	19,134	11,143	8,056	8,800	6,421	5,825	10,953	11,993	7,760	6,372
Debt service:										
Principal retirement	13,683	12,336	12,131	11,276	14,506	12,536	12,190	12,520	13,463	19,190
Interest and other charges	3,614	7,013	7,452	7,455	7,569	8,646	7,563	8,390	8,607	9,059
Total expenditures	<u>227,160</u>	<u>215,760</u>	<u>204,349</u>	<u>201,686</u>	<u>220,578</u>	<u>290,172</u>	<u>181,401</u>	<u>174,916</u>	<u>162,549</u>	<u>158,336</u>
Excess of revenue over (under) expenditures	<u>(14,765)</u>	<u>(9,525)</u>	<u>(9,737)</u>	<u>(8,538)</u>	<u>(3,416)</u>	<u>(108,313)</u>	<u>(7,373)</u>	<u>(1,927)</u>	<u>1,406</u>	<u>(12,023)</u>
Other financing sources (uses):										
Transfers in	2,091	2,402	2,587	2,790	1,958	1,747	902			603
Transfers out	(1,491)	(1,722)	(1,985)	(2,229)	(1,405)	(1,518)	(678)			(603)
Proceeds from capital leases	2,300						42			52
Payments to escrow agents	(19,325)	(66,088)	(22,906)							(44,013)
Proceeds from refunding bonds	18,062	65,572	21,825							43,130
Premiums on refunding	1,424	935	1,262							1,264
Bonds issued	8,212	11,700	10,385	8,730	10,795		7,365	11,105	5,100	8,980
Premiums on bonds		267								
Total other financing sources	<u>11,273</u>	<u>13,066</u>	<u>11,168</u>	<u>9,291</u>	<u>11,348</u>	<u>229</u>	<u>7,631</u>	<u>11,105</u>	<u>5,100</u>	<u>9,413</u>
Net Change in Fund Balances	\$ <u>(3,492)</u>	\$ <u>3,541</u>	\$ <u>1,431</u>	\$ <u>753</u>	\$ <u>7,932</u>	\$ <u>(108,084)</u>	\$ <u>258</u>	\$ <u>9,178</u>	\$ <u>6,506</u>	\$ <u>(2,610)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>9.0%</u>	<u>10.5%</u>	<u>11.1%</u>	<u>10.8%</u>	<u>11.5%</u>	<u>8.0%</u>	<u>13.1%</u>	<u>14.7%</u>	<u>16.6%</u>	<u>22.8%</u>

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

TOWN OF STRATFORD, CONNECTICUT

TABLE 5

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	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial	Personal Property	Motor Vehicle	Vacant Land			
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	70%
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	70%
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	70%
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	70%
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	70%
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	70%
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	70%
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	70%
2004	2002	2,111,830,350	547,763,090	283,715,770	269,462,735	36,138,900	161,243,210	3,087,667,635	70%
2003	2001	2,104,057,340	563,438,890	285,014,372	260,897,675	36,337,490	250,205,500	2,999,540,267	70%

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 TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

(In Thousands)

GRAND LIST YEAR/AMOUNT	FY2012		
	OCTOBER 1, 2011 [\$4,525,015,543]		
<u>Taxpayer</u>	<u>Taxable Assessed Value * (\$000's)</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
Sikorsky Aircraft	\$ 242,365	1	5.36%
United Illuminating	74,813	2	1.65%
Stonybrook Gardens Cooperative	24,493	3	0.54%
UB Dockside LLC (Urstadt Biddle Prop)	19,661	4	0.43%
Second Avenue Development LLC	19,808	6	0.44%
Southern Connecticut Gas	19,005	5	0.42%
Ashcroft Inc./FKA Dresser Industries	18,668	7	0.41%
Kramont Operating Partnership	14,000	8	0.31%
Merritt 8 Acquisitions, LLC	13,650	9	0.30%
Home Depot	12,460	10	0.28%
Wal-Mart	12,530	11	0.28%
UB Railside LLC (Urstadt Biddle Prop)	13,520	12	0.30%
Aptar Group Inc.	11,954	13	0.26%
Lord Chamberlain	11,586	14	0.26%
Stratford Land Development	10,500	15	0.23%
TOTAL	\$ <u>519,014</u>		<u>11.47%</u>

Source: Town of Stratford, Office of Tax Assessor

**TOWN OF STRATFORD, CONNECTICUT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

<u>Fiscal Year</u>	<u>Governmental</u>		<u>Business-Type</u>		<u>Total Primary Government</u>	<u>Ratio of Debt to Taxable Assessed Value</u>	<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Leases</u>	<u>Operating</u>	<u>Notes</u>			
2012	\$ 129,614	\$ 2,300	\$ 1,993	\$ 42,682	\$ 176,589	4.74 %	\$ 3
2011	135,894		2,069	44,976	182,939	4.01	3
2010	134,394		2,182	2,756	139,332	3.01	3
2009	136,814	3	2,276	3,095	142,188	3.11	3
2008	139,360	13	2,370	3,427	145,170	3.19	3
2007	143,071	26	599	1,963	145,659	3.17	3
2006	155,782	39	893	2,208	158,922	3.46	3
2005	161,078	21	1,187	2,449	164,735	5.07	3
2004	162,618	28	1,352	*	163,998	5.18	3
2003	170,790	58	1,515	*	172,363	5.30	3

**TOWN OF STRATFORD, CONNECTICUT**  
**COMPUTATION OF LEGAL DEBT LIMITATION**

**JUNE 30, 2012**  
(In Thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2012	\$ 153,449
Reimbursement for revenue loss on:	
Tax relief for elderly	10
<b>BASE</b>	<b>\$ <u>153,459</u></b>

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 345,283	\$	\$	\$	\$
4-1/2 times base		690,566			
3-3/4 times base			575,471		
3-1/4 times base				498,742	
3 times base					460,377
Total debt limitation	345,283	690,566	575,471	498,742	460,377
Indebtedness:					
Bonds payable	57,798	29,199	270		44,340
Bonds authorized, unissued	5,446	72,981	3,044		
Clean Water Fund notes			42,682		
Grant commitments		(2,203)			
Total indebtedness	63,244	99,977	45,996	-	44,340
Debt Limitation in Excess of Outstanding and Authorized Indebtedness	\$ 282,039	\$ 590,589	\$ 529,475	\$ 498,742	\$ 416,037

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,074.2 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.

## TOWN OF STRATFORD, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limitation	\$ 1,074,213	\$ 1,049,881	\$ 980,203	\$ 970,067	\$ 939,939	\$ 919,149	\$ 849,478	\$ 818,526	\$ 790,418	\$ 741,509
Total net debt applicable to limit	<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>	<u>171,384</u>	<u>178,510</u>
Legal Debt Margin	<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>	<u>\$ 619,034</u>	<u>\$ 562,999</u>
Total net debt applicable to the limit as a percentage of debt limit	23.60%	24.81%	20.79%	19.49%	15.12%	20.65%	26.67%	21.68%	24.07%	28.70%

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

8 Note: See Table 8 for calculation of current year debt limitation.

**TOWN OF STRATFORD, CONNECTICUT**  
**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>
2012	51,384	\$ 32,357	41.1	7,407	10.5%
2011	51,384	32,357	41.1	7,234	7.4%
2010	48,952	27,000	40.3	7,277	9.4%
2009	49,976	27,000	40.3	7,244	7.9%
2008	49,976	27,000	40.3	7,328	5.5%
2007	49,976	27,000	40.3	7,505	4.5%
2006	49,976	27,000	40.3	7,483	4.5%
2005	49,976	27,000	40.3	7,571	5.3%
2004	49,976	27,000	40.3	7,673	5.4%
2003	49,976	27,000	40.3	7,606	6.4%

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

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

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

(4) Source: Town of Stratford, BOE

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

## TOWN OF STRATFORD, CONNECTICUT

## PRINCIPAL EMPLOYERS 2012

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>
Sikorsky Aircraft	Manufacturer of Helicopters	7,600
Town of Stratford	Government (500)/Education (837)	1,508
United Parcel Service	Package Delivery	600
Stratford Retailer Condo Assoc.	Retail Chains	541
Cablevision	Telecommunications	300
Ashcroft Holdings	Manufacturer of Gauges	445
Lord Chamberlain	Skilled Nursing Facility	400
CTT Global [formerly Applied Tech Products (ATP)]	Health and Beauty Care	125
Walmart	Consumer Goods	254
Aptat [formerly Emsar]	Manufacturer of Pump Atomizers	270
Connecticut Distributors	Liquor Distributors	256
Yale New Haven Technology Center	Electronic Data Storage	200
AT&T	Telecommunications	250
Stop & Shop	Grocery Products	200
Bridgeport Fittings	Manufacturer of Electrical Fittings	200
ShopRite	Grocery Products	188
William B. Meryer	Moving, Storage, & Rigging	160
Aurora Products	Dried Fruit Packaging	125
Home Depot	Home/Garden/Repair Goods	144
TOTAL		<u>13,766</u>

Source: Town of Stratford, Office of Economic Development

## TOWN OF STRATFORD, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	Full-Time-Equivalent Employees as of June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government	64	89	90	86	75	71	96	82	94	86
Police	117	116	116	108	111	112	119	117	113	113
Fire	111	100	100	104	111	117	96	99	97	99
Refuse collection	29	32	32	31	33	33	30	28	30	30
Other public works	76	64	64	65	76	77	64	69	66	60
Parks	21	24	26	23	25	27	19	20	21	20
Recreation	6	7	7	7	7	7	7	6	6	5
Library	29	27	27	28	26	29	26	28	28	29
Total Non-Education	<u>453</u>	<u>459</u>	<u>462</u>	<u>452</u>	<u>464</u>	<u>473</u>	<u>457</u>	<u>449</u>	<u>455</u>	<u>442</u>
Education	<u>864</u>	<u>847</u>	<u>844</u>	<u>843</u>	<u>864</u>	<u>838</u>	<u>832</u>	<u>833</u>	<u>835</u>	<u>813</u>
Total Including Education	<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>	<u>1,290</u>	<u>1,255</u>

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

**TOWN OF STRATFORD, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Building permits issued	709	669	649	634	690	760	898	869	835	729
Building inspections conducted	3,090	3,188	3,136	3,186	3,475	2,947	2,964	2,868	2,845	2,406
Police:										
Physical arrests	1,520	1,419	1,597	1,233	1,363	1,483	1,142	1,338	1,433	1,382
Parking violations	631	431	369	519	994	665	n/a	505	1,086	999
Traffic violations	2,595	2,969	4,009	4,259	3,611	3,033	2,891	3,043	3,712	3,557
Fire:										
Emergency responses	5,556	5,707	4,577	5,307	5,196	5,146	5,098	4,569	4,693	4,410
Fires extinguished	304	311	435	530	367	325	148	205	237	204
Inspections	1,747	1,216	665	1,200	1,111	1,112	595	625	751	685
Refuse collection:										
Refuse collected (tons per year)	24,035	24,636	26,747	25,657	27,073	27,615	27,054	27,445	26,529	25,828
Recyclables collected (tons per year)	3,173	3,365	3,487	3,718	4,047	4,079	4,192	4,228	4,412	4,441
Parks and recreation:										
Athletic field permits issued	9,379	10,192	8,851	8,781	9,437	8,939	10,003	9,406	6,657	6,375
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)	152,384	151,115	162,990	151,977	168,707	168,627	149,961	148,475	149,257	150,529
Volumes in collection (All Other Items)	17,783	16,009	15,641	17,322	18,100	16,837	15,375	14,821	13,163	12,782
Total volumes borrowed (Books & Serials)	292,047	286,470	288,835	263,750	278,624	236,528	246,455	253,909	262,834	254,896
Total volumes borrowed (All Other Items)	179,563	175,639	189,627	187,203	138,373	173,237	171,788	168,124	186,973	187,432
Wastewater:										
Average daily sewage treatment (thousands of gallons)	6,700	8,826	8,413	8,182	9,290	7,690	8,250	7,360	7,500	6,720

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

**TOWN OF STRATFORD, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units (Number of Vehicles)	32	30	30	29	28	25	19	19	18	18
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								
Parks and recreation:										
Acreage	795	795	795	795	774	774	774	774	774	746
Playgrounds	27	27	27	27	23	23	28	28	28	28
Baseball/softball diamonds	45	45	45	45	45	45	48	48	48	48
Soccer/football fields	13	13	13	13	13	13	9	9	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	11,500	11,500	11,500	11,500	11,500	11,500
Transit - mini-buses:										

Source: 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