

Official Statement dated September 26, 2013

REFUNDING ISSUE –Book Entry Only

RATINGS: (See "Ratings" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption of the Bonds" herein.

TOWN OF STRATFORD, CONNECTICUT

\$16,660,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2013

Dated: Date of Delivery

Due: August 1, as shown below

The Bonds will be general obligations of the Town of Stratford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest at the rate per annum and will mature on August 1 of the years and in the amounts set forth below. Interest on the Bonds will be payable on February 1 and August 1 in each year until maturity, commencing February 1, 2014. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

The Bonds are not subject to optional redemption prior to maturity.

The Escrow, Registrar, Certifying, Transfer, and Paying Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Price</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Price</u>	<u>CUSIP</u>
2018	\$2,865,000	5.000 %	1.770 %	8628112K1	2021	\$2,635,000	5.000 %	2.770 %	8628112N5
2019	2,990,000	5.000	2.130	8628112L9	2022	2,770,000	5.000	3.000	8628112P0
2020	2,520,000	4.000	2.430	8628112M7	2023	2,880,000	3.000	3.170	8628112Q8

Wells Fargo Securities

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by Updike, Kelly & Spellacy, P.C. of Hartford, Middletown and New Haven, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about October 10, 2013.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Town or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of this information.

Other than as to matters expressly set forth in Appendix A - "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the financial information presented in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than as to matters expressly set forth in Appendix B - "Form of Legal Opinion of Bond Counsel " herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall be executed in substantially the form attached as Appendix C to this Official Statement. To date, the Town has not failed to meet any of its undertakings under such agreements except as otherwise noted herein. (See "Availability of Continuing Disclosure Information" herein.)

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, WITHOUT PRIOR NOTICE.

BOND COUNSEL
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Bridgeport and Hartford, Connecticut
(203) 330-2000

INDEPENDENT FINANCIAL ADVISOR
INDEPENDENT BOND AND
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TABLE OF CONTENTS

SECTION I – SECURITIES OFFERED

Page #

Introduction 1
Authorization and Purpose 1
Description of the Bonds 1
Plan of Refunding 1
Ratings 3
Verification of Mathematical Computations 3
Sources and Uses of Proceeds 3
Tax Exemption of the Bonds 4
Security and Remedies 5
Qualification for Financial Institutions 6
Book-Entry Transfer System 6
Replacement Bonds 7
DTC Practices 7
Underwriting 8

SECTION II – THE ISSUER

Description of the Town 9
Form of Government 9
Municipal Officials 10
Principal Officials 10
Organizational Chart 12
Summary of Municipal Services 12
Educational System 14
Educational Facilities 14
School Enrollments 14
Municipal Employment 15
Municipal Employees by Category 15
Municipal Employees Bargaining Organizations 16
Economic Development 17
Recent Town Fiscal and Operational Control Action Steps 17
Recent Financial Results 18

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Population Trends 19
Age Characteristics of Population 19
Selected Wealth and Income Indicators 19
Income Distribution 19
Educational Attainment 20
Employment by Industry 20
Major Employers 21
Unemployment Rate Statistics 21
Value of Building Permits 22
Number of Dwelling Units 22
Characteristics of Housing Units 22
Age Distribution of Housing 22
Breakdown of Land Use 23

SECTION IV – INDEBTEDNESS

Page #

Calculation of Statutory Debt Limit and Debt Margin 24
Calculation of Net Direct Indebtedness 25
Current Debt Ratios 25
Historical Debt Statement 26
Historical Debt Ratios 26
Outstanding Short-Term Indebtedness 26
Overlapping and Underlying Indebtedness 26
Clean Water Fund Program 26
School Projects 27
Temporary Financing 27
Legal Requirements for Approval of Borrowing 28
Provisions Regarding Bond Authorizations 28
Capital Improvement and Capital Equipment Programs 29
Future Indebtedness 30
Authorized but Unissued Debt 31
Combined Schedule of General and Enterprise Fund Debt through Maturity 34
Schedule of General Fund Bonded Debt through Maturity 35
Schedule of WPCA and EMS Enterprise Fund Debt through Maturity 36

SECTION V – FINANCIAL DATA

Accounting Policies 37
Basis of Accounting 37
Audit 37
Budgetary Procedure 37
Emergency Appropriations 38
Employee Pension Systems 38
Other Post Employment Benefits 42
Investment Policies and Practices 43
Assessment Practices 43
Tax Collection Procedures 44
Real Property Tax Levies and Collections 44
Taxable Grand List 44
Largest Taxpayers 45
Property Tax Revenues 46
Intergovernmental Revenues 46
Expenditures 47
Comparative General Fund Operating Statement – Budget and Actual (Budgetary Basis) - FY 2011-12 ... 48
Comparative General Fund Operating Statement – Budget and Actual (Budgetary Basis)
FY 2012-13 and FY 2013-14 49
Comparative Balance Sheets – General Fund 50
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund 51

SECTION VI – ADDITIONAL INFORMATION

Litigation 52
Availability of Continuing Disclosure Information 52
Financial Advisor 52
Documents Accompanying Delivery of the Bonds..... 52
Additional Information 53

APPENDICES

Appendix A – Audited Financial Statements A-1
Appendix B – Form of Legal Opinion of Bond Counsel B-1
Appendix C – Form of Continuing Disclosure Agreement C-1

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices has been prepared by the Town of Stratford, Connecticut (the "Town") with assistance from the financial advisor and is provided for the purpose of presenting certain information relating to the Town, in connection with the original issuance and sale of \$16,660,000 General Obligation Refunding Bonds, Issue of 2013 (the "Bonds"), of the Town.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Authorization and Purpose

The Bonds are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended, the Charter of the Town and an ordinance adopted by the Town Council on May 13, 2013 authorizing the issuance and sale of refunding bonds in amounts not to exceed to \$25,000,000.

The Bonds are being issued to refund or defease to maturity, all or a portion of the principal amounts outstanding of certain Town of Stratford General Obligation Bonds (the "Refunded Bonds") as shown under "Plan of Refunding" herein. The Bonds are being issued as part of a plan to restructure existing debt payments in an effort to reduce the budgetary effect of the Town's planned Pension Deficit Funding General Obligation Bond issue (the "Pension Bonds") that will be issued to finance a portion of the unfunded actuarial accrued liability in the Town retirement system. Pursuant to the authority contained in Section 7-374c of the Connecticut General Statutes, the Town Charter and an Ordinance adopted by the Town Council on May 13, 2013, the Town expects to issue approximately \$161,000,000 in Taxable General Obligation Pension Bonds within the next 30 to 60 days. (see "Future Indebtedness – Pension Bonds" herein.)

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on August 1 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing on February 1, 2014. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if the fifteenth is not a business day. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System" herein. The Escrow, Registrar, Certifying, Transfer and Paying Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut. See Appendix B - "Form of Legal Opinion of Bond Counsel" herein. **The Bonds are NOT subject to optional redemption prior to maturity.**

Plan of Refunding

The Bonds are being issued to refund or defease prior to maturity, all or a portion of the outstanding maturities of the Town's general obligation bonds listed herein (the "Refunded Bonds"). The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Amount Outstanding	Interest Rate	Redemption Date	Redemption Price
2007	12/15/2007	12/15/2013	\$ 225,000	3.500%	11/11/2013	100.0%
2007	12/15/2007	12/15/2026	650,000	4.250%	11/11/2013	100.0%
2007	12/15/2007	12/15/2027	545,000	4.250%	11/11/2013	100.0%
			<u>1,420,000</u>			
2008	12/15/2008	12/15/2014	575,000	3.625%	12/15/2013	100.0%
			<u>575,000</u>			
2010A	4/15/2010	4/15/2015	520,000	3.000%	n/a	n/a
2010A	4/15/2010	4/15/2016	520,000	3.000%	4/15/2015	100.0%
2010A	4/15/2010	4/15/2017	520,000	3.000%	4/15/2015	100.0%
2010A	4/15/2010	4/15/2018	520,000	3.125%	4/15/2015	100.0%
			<u>2,080,000</u>			
2010B Ref	6/29/2010	7/1/2014	305,000	5.000%	n/a	n/a
2010B Ref	6/29/2010	7/1/2015	145,000	2.250%	n/a	n/a
2010B Ref	6/29/2010	7/1/2015	155,000	4.000%	n/a	n/a
2010B Ref	6/29/2010	7/1/2016	300,000	3.500%	n/a	n/a
2010B Ref	6/29/2010	7/1/2017	300,000	3.000%	n/a	n/a
			<u>1,205,000</u>			
2010C Ref	6/29/2010	7/1/2014	130,000	2.000%	n/a	n/a
2010C Ref	6/29/2010	7/1/2014	430,000	4.000%	n/a	n/a
2010C Ref	6/29/2010	7/1/2015	250,000	4.000%	n/a	n/a
2010C Ref	6/29/2010	7/1/2015	315,000	5.000%	n/a	n/a
2010C Ref	6/29/2010	7/1/2016	570,000	3.500%	n/a	n/a
			<u>1,695,000</u>			
2010D	12/15/2010	12/15/2015	585,000	3.000%	n/a	n/a
2010D	12/15/2010	12/15/2016	585,000	4.000%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2017	585,000	4.000%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2018	585,000	4.000%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2019	585,000	4.000%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2026	585,000	4.375%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2027	585,000	4.500%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2028	585,000	4.625%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2029	585,000	4.750%	12/15/2015	100.0%
2010D	12/15/2010	12/15/2030	585,000	4.750%	12/15/2015	100.0%
			<u>5,850,000</u>			
2012	8/30/2012	8/15/2014	1,075,000	3.000%	n/a	n/a
2012	8/30/2012	8/15/2015	1,075,000	3.000%	n/a	n/a
2012	8/30/2012	8/15/2016	1,075,000	4.000%	n/a	n/a
2012	8/30/2012	8/15/2017	1,075,000	5.000%	n/a	n/a
			<u>4,300,000</u>			
Total Refunded Bonds			<u><u>\$ 17,125,000</u></u>			

Upon delivery of the Bonds, a portion of the proceeds of the Bonds will be placed in an irrevocable escrow deposit fund (the "Escrow Deposit Fund") established with U.S. Bank National Association of Hartford, Connecticut, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") to be dated as of October 10, 2013 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including United States Treasury securities, Federal National Mortgage Association ("FNMA"), Federal Home Loan Bank ("FHLB") and Federal Home Loan Mortgage Corporation ("FHLMC") securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, as amended, all of which shall not be callable or pre-payable at the option of the issuer thereof (the "Escrow Securities"). All investment income on, and maturing principal of, the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest payments and redemption prices of the Bonds will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance, including the underwriter's discount.

Ratings

The Bonds have been rated "A1" by Moody's Investors Service ("Moody's") and "AA" by Standard & Poor's ("S&P"). The ratings on the Town's outstanding bonds are currently "A1" by Moody's and "AA" by S&P. Such ratings reflect only the views of such organizations and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and Standard & Poor's, 55 Water Street, New York, New York 10041-0003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Town's obligations, including the Bonds.

Verification of Mathematical Computations

Barthe & Wahrman, a Professional Association, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of: (1) the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, of the Refunded Bonds, and (2) the computations of yield on the Bonds and the Escrow Securities contained in the provided schedules. Barthe & Wahrman, a Professional Association, will express no opinion on the assumptions provided to them.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	
Par Amount	\$ 16,660,000.00
Net Original Issue Premium	1,932,612.50
Total Sources	<u>\$ 18,592,612.50</u>
Uses:	
Deposit to Escrow Deposit Fund	\$ 18,406,330.89
Underwriter's Discount	70,259.80
Costs of Issuance	116,021.81
Total Uses	<u>\$ 18,592,612.50</u>

Tax Exemption of the Bonds

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on

which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property subject to taxation by the Town without limitation as to rate or amount, except as to certain classified property, such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of principal and interest on the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the

applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

**THE TOWN OF STRATFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

Qualification for Financial Institutions

The Bonds shall **NOT** be designated as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC's has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records

reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

Replacement Bonds

The Town will provide for the issuance of fully registered bond certificates directly to the Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Neither the Town, the Paying Agent nor the Underwriter will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the Bonds or (iv) any other actions taken by DTC or its partnership nominees as owner of the Bonds.

Underwriting

The Bonds are being purchased by Wells Fargo Securities (the "Underwriter"), pursuant to the terms of a bond purchase agreement for the Bonds with the Town (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$18,522,352.70 (consisting of the par amount of \$16,660,000.00, plus net original issue premium of \$1,932,612.50, less underwriter's discount of \$70,259.80). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower or yields higher than the public offering prices or yields stated on the cover page hereof. The initial offering prices or yields may be changed, from time to time, by the Underwriter.

Wells Fargo Bank, National Association ("WFBNA"), the sole underwriter of the Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, Wells Fargo Bank, National Association.

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SECTION II -THE ISSUER

The following is a brief description of the Town together with certain information concerning its economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

Description of the Town

The Town of Stratford was founded by English settlers in 1639, making it the eighth oldest town in the State of Connecticut. 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 approximately 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 or New York. Sikorsky Memorial Airport is located within the Town and 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 along sixteen routes within the Town, the Towns of Fairfield and Trumbull and the City of Bridgeport.

The Town 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 are located in the Town.

The Town has more land zoned for industry percentage wise 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 7,114 students. There are several vocational training facilities, colleges and universities in close proximity to the Town which offer a variety of educational programs.

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, picnicking and cross-country skiing.

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.

Form of Government

From 1921 until 2005, the Town 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. The Mayor's term is for four 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 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. The CAO is required to have an education and background in public administration. A bipartisan Town Council of ten members, who are elected biennially for two-year terms and cannot serve more than three consecutive terms, performs the legislative function. The Town Council approves the annual budget, supplemental appropriations, and bond authorizations. See "Emergency Appropriations" and "Legal Requirements for Approval of Borrowing" herein.

Municipal Officials

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
John A. Harkins	Mayor	4 years - Elected	3 1/2 years
Christian M. Barnably	Town Council Member	2 years - Elected	3 1/2 years
Stephanie D. Phillips	Town Council Member	2 years - Elected	3 1/2 years
Matthew P. Catalano	Town Council Member	2 years - Elected	3 1/2 years
Jason W. Santi	Town Council Member	2 years - Elected	3 1/2 years
John M. Dempsey	Town Council Member	2 years - Elected	5 1/2 years
Kenneth Poisson	Town Council Member	2 years - Elected	1 1/2 years
Craig Budnick	Town Council Member	2 years - Elected	1 1/2 years
James J. Connor	Town Council Member	2 years - Elected	3 1/2 years
Joseph Kubic	Town Council Chair	2 years - Elected	1 1/2 years
Paul Hoydick	Town Council Member	2 years - Elected	3 1/2 years
Stephen Nocera	Chief Administrative Officer	Appointed	1 1/2 years
Dr. Janet M. Robertson	Superintendent of Schools	Appointed	Less than 1 year
Susan Collier	Director of Finance	Appointed	3 1/2 years
Marc Dillon	Chief of Staff	Appointed	2 1/2 years
Ron Ing	Director of Personnel	Appointed	3 1/2 years

Principal Officials

Mayor – John A. Harkins was sworn in as the Town’s second Mayor on December 14, 2009. A lifelong resident of the Town, Mayor Harkins has been serving his hometown in public office since his election to the Town Council (9th District) in 1995. As Councilman, he was Chairman of the Parks and Recreation Committee. He also served as Chairman of the Roosevelt Forest Commission.

Mayor Harkins was elected to the Connecticut House of Representatives from the 120th District, comprising the central portion of the Town in 1997 and served seven consecutive terms in the General Assembly. As a State Representative, Mayor Harkins served as Deputy Republican Leader at Large, as well as the Ranking Member of the General Assembly’s Select Committee on Veterans Affairs. During his legislative service, he was active in national organizations that work to enhance the ability of the General Assembly to better serve the people of the State. He was appointed in 1998 as the Connecticut Chair of the American Legislative Exchange Council ("ALEC"), the nation’s largest bipartisan organization comprised of individual state legislators. In 2004, he received the Legislator of the Year award from ALEC and in 2006 was selected to serve on ALEC’s national board of directors.

Mayor Harkins has long been active in town affairs and civic groups: Stratford Rotary Club (Past President), Bridgeport Regional Business Council, Stratford Republican Town Committee, Stratford Train Station Advisory Committee, SaveStratford.org, Raymark Advisory Committee, and St. Mark’s Catholic Church. A graduate of the University of Tulsa in Oklahoma, Mayor Harkins holds a Bachelor of Science Degree in Finance.

Chief Administrative Officer – Stephen Nocera was appointed the Town's Chief Administrative Officer by Mayor John Harkins on November 14, 2011. Mr. Nocera brings experience in public administration at the municipal level over the last six years. He was most recently the Mayoral Aide to Torrington, Connecticut Mayor Ryan J. Bingham. Mr. Nocera is the operational leader of the Town. He is responsible for emergency and constituent response and tasked with building strategic long-term relationships with neighboring cities, towns, businesses and other entities.

A resident of Simsbury, Connecticut, Mr. Nocera holds a Bachelor of Arts degree in Political Science from Marist College in upstate New York and is an active board member of Connecticut Innovations.

Superintendent of Schools – Dr. Janet Robinson was appointed Superintendent of Schools to begin on July 1, 2013. She earned her B.A. from California State University at Long Beach with a major in sociology, and her teaching credentials from the University of Hawaii. While teaching in Anaheim, California, she earned her M.S. in Counseling and a School Psychologist Certification and then worked as a School Psychologist in the Los Alamitos District. After moving to Connecticut, Dr. Robinson spent years as an Educational Consultant in districts throughout the country and eventually worked as Deputy Executive Director at Cooperative Educational Services in Trumbull, Superintendent of Schools in

Preston, Derby, and Newtown before joining the Stratford Schools. Dr. Robinson earned her Doctorate in Educational Leadership from the University of Connecticut. She has been adjunct faculty at the University of Bridgeport, Sacred Heart University, and Long Island University.

Dr. Robinson has been honored as the Peace Islands Educator of the Year and the University of Connecticut Superintendent of the Year in 2013. She also received the Western Connecticut State University President's Award, Connecticut Association of Public School Superintendents Exemplary Leadership Award, the National Superintendents Roundtable recognition of heroic leadership and the Bridgeport Regional Business Council Educator of the year award.

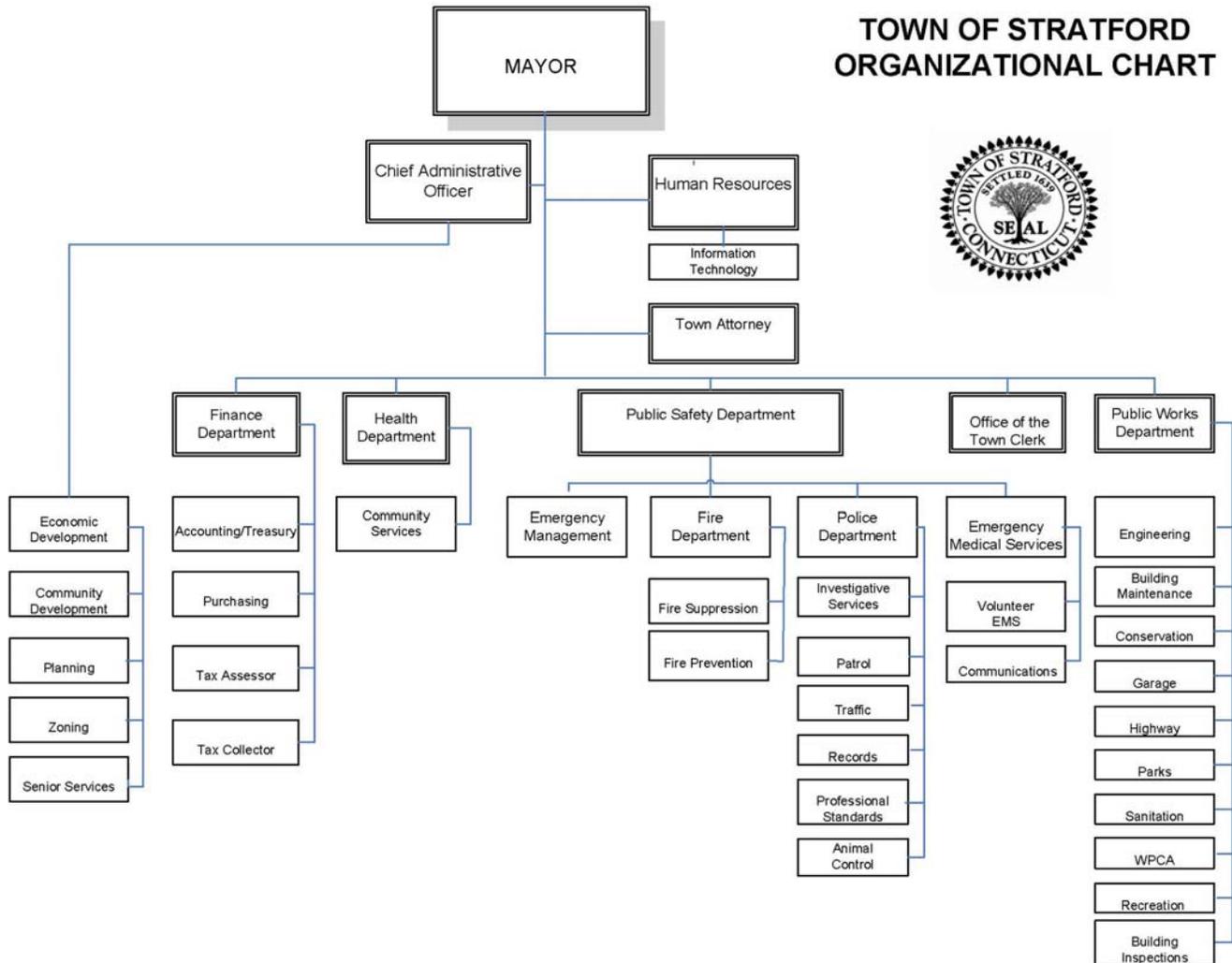
Director of Finance – Susan Collier was appointed Director of Finance in April 2010 after serving as Assistant Director of Finance for two years. Ms. Collier is responsible for a broad range of municipal finance functions including: development and oversight of the financial management and policies of the Town; maintaining accounting and management controls for recording, reconciling and reporting investments, receivables, payables, administration employee payroll, revenues and expenditures; and overseeing the implementation of the Town's pension plans. In addition, Ms. Collier assists with the annual audit and preparation of the certified annual financial report (CAFR), as well as oversight of the Purchasing, Tax Collection and Tax Assessment departments and preparation of the Mayor's proposed operating and capital budgets.

Ms. Collier has a 28 year finance career, primarily in the private sector and most recently in the public sector. Her experience includes staff supervision, financial analysis, budgeting, forecasting, accounting, and treasury and human resources management. As an elected official of the Town Council from 1997 to 2001, Ms. Collier focused on pension and finance issues.

Ms. Collier graduated from Stratford High School, received her Bachelor of Science in Finance with an Accounting concentration from Fairfield University and her MBA with a concentration in Marketing from the University of Notre Dame. She also performed additional graduate work in Human Resource Management at Fairfield University. Ms. Collier is an active member of the Connecticut and National Government Finance Officers Associations.

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Organizational Chart



Summary of Municipal Services

As previously indicated, the Town operates under a Mayor-Council form of government where the Mayor functions as the Chief Executive of the Town and day to day operations are managed by the CAO, at the direction of the Mayor. Reporting to the Mayor are the CAO, the Finance, Human Resources, Legal, Public Safety (Fire & Police Chiefs), Public Works and Health departments and the Town Clerk.

The Town also has full time dedicated and certified staff specializing in Planning, Zoning, Engineering, Building and Information technology matters. Also, to ensure proper public purchasing and fiscal controls, the Town has a fully skilled and staffed Finance Department which includes finance administration, accounting, purchasing, tax assessment, and tax collection functions. The Finance Department, under the direction of the Director of Finance, is responsible for overall supervision of the Town’s financial management, including treasury functions, property tax assessment, tax collection, financial accounting and reporting, payroll processing, debt management, purchasing, special financial analysis and management of the Town’s pension fund.

The Town's Public Works Department serves the public with an all encompassing, one-stop-shopping, approach with responsibility for Building Inspections, Town Building Maintenance, Engineering, Parks, Highways, Town Garage, Recycling/Refuse, Sewers and Environmental Conservation. The Public Works Department has the responsibility for designing, developing, constructing and maintaining public roads, walks, parks and buildings in the community, including 191 miles of roads. This division also manages the building code enforcement program, pickup and disposal of solid waste generated within the Town, and provides guidance and direction in resource management on conservation and pollution control issues, including recycling mandates. The Town operates its own wastewater collection and treatment facility. The Town established an enterprise fund for its water pollution control facility on July 1, 1993. All costs of operating the sewer treatment system and its approximately 200 miles of sewer mains and laterals are funded through user charges. The Town's water is supplied by the Aquarion Water Company of Connecticut, a subsidiary of Aquarion Corporation and the Town's electricity is supplied by United Illuminating.

Public safety is of paramount importance to the Town and its citizens. The Fire, Police and Emergency Medical (ambulance) departments or services are responsible for the security and safety of the community. The Police Department has 99 members including members serving the animal control function. Numerous state and federal grants help fund community based police programs, particularly in the drug and substance abuse area. The Stratford Fire Department has 95 members including a Communications Division responsible for manning the E-911 center and central dispatching. The department maintains a fire and rescue delivery system and an extensive fire prevention program. The Town maintains an Emergency Medical Services Program with six full time employees. The Town bills for ambulance services and has established an enterprise fund to account for these billings.

Beyond day to day operations, the citizens of the Town are offered services that range from counseling services through its Community Services Department to recreation and leisure services through its Parks and Recreation department. Broadening the Town's reach of services are four Stratford based nonprofit agencies, independent of the Town, which provide services to citizens by contracts. These agencies are the Sterling House, the Stratford Public Library, Short Beach Complex, and the Stratford Visiting Nurses Association. In addition to these agencies, the Stratford Housing Authority (the "SHA") owns and operates over 500 dwelling units located in several separate areas throughout the Town. The SHA is self-supporting with an annual operating budget of over \$5,600,000 and assets of over \$12,500,000. The SHA Commissioners are appointed by the Town Council to five year terms.

The Town utilizes the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the "System"), including a solid waste disposal and processing facility located in Bridgeport and operated by Bridgeport Resco Company, L.P. The current Municipal Services Agreement ("MSA") took effect on January 1, 2009 and expires on June 30, 2014. The Town is one of twelve Connecticut municipalities participating in the contract (a "Participating Municipality"). Each Participating Municipality has signed such an agreement and has guaranteed to deliver annually a minimum tonnage of "Acceptable Waste", as defined in the MSA, to the System. The Town's minimum tonnage guarantee is 27,144 tons which is part of an original aggregate minimum tonnage guarantee by all the Participating Municipalities of 265,000 tons. In the event that any Participating Municipality fails to deliver its annual minimum tonnage guarantee to the System, such Participating Municipality may nevertheless be obligated to pay Municipal Disposal Fees, as defined in the MSA. The Authority is required to accept from each Participating Municipality and dispose of all Acceptable Waste delivered to the System by or on behalf of each Participating Municipality. All Participating Municipalities, including the Town, pledge their full faith and credit for the payment of all service payments under the MSA.

Towns not delivering their guaranteed minimum tonnage shall share, as agreed to among the municipalities or proportionately, any lost tipping fees resulting from the failure to deliver 90% of the aggregate minimum 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.

For the Fiscal Year 2012, the Authority billed each Participating Municipality a fixed charge of \$63.03 per ton and this fee will be adjusted annually for the duration of the contract by 0.75% of the Consumer Price Index plus an administration fee of \$2.08. For Fiscal Year 2013 the fixed charge was \$64.31 per ton plus an administration fee of \$2.15 and for Fiscal Year 2014 the fixed charged will be \$65.56 plus an administration fee of \$2.21.

The Town is a member of the Southwest Regional Recycling Operating Committee which has entered into a five year contract with Winters Brothers for disposal of single stream recycling beginning July 1, 2013. The Town will deliver single stream recycling to the Winters Brothers Facility in Shelton and will receive \$20 per ton for all recycling delivered with no minimum commitment. The approximate tonnage is 3,200.

Educational System

The Town's 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.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Occupied</u>	<u>Renovation</u>	<u>Enrollment 10/1/2012 (1)</u>
Chapel Street School	K-6	1956	1966, 99	556
Franklin Elementary School	Pre K-6	1910	1917, 41, 66, 90	294
Stratford Academy School	Pre K-6	1966	1995	690
Lordship Elementary School	K-6	1941	1953, 84	232
Nichols Elementary School	K-6	1914	1927, 56, 91	437
Second Hill Lane School	Pre K-6	1954	1958, 99	678
Whitney Elementary School	K-6	1945	1948, 54, 92	520
Wilcoxson Elementary School	K-6	1928	1941, 48, 91	378
Flood Intermediate School	7-8	1972	1988	558
Wooster Intermediate School	7-8	1953	1995	530
Bunnell High School	9-12	1971	1991	1,188
Stratford High School	9-12	1925	1930, 36, 42, 50, 71, 89	1,053
Total				7,114

(1) Excludes special education students.

Source: Superintendent of Schools.

School Enrollment

Actual Enrollments (1)

<u>School Year</u>	<u>PK-6</u>	<u>7-8</u>	<u>9-12</u>	<u>Total</u>
2003-04	4,048	1,308	2,316	7,672
2004-05	3,982	1,250	2,339	7,571
2005-06	3,995	1,145	2,343	7,483
2006-07	3,890	1,149	2,466	7,505
2007-08	3,882	1,139	2,307	7,328
2008-09	3,811	1,181	2,252	7,244
2009-10	3,912	1,178	2,187	7,277
2010-11	3,834	1,156	2,244	7,234
2011-12	3,829	1,148	2,202	7,179
2012-13	3,785	1,088	2,241	7,114

Enrollment Projections

2013-14	3,815	1,014	2,259	7,088
2014-15	3,857	1,015	2,230	7,102
2015-16	3,892	1,050	2,265	7,207

(1) As of October 1.

Source: Superintendent of Schools.

Municipal Employment

<u>Fiscal Year</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Board of Education	859	842	847	810	859
General Government (1)	421	421	421	436	448
Grants/Enterprise Funded (2)	89	73	75	75	63
Total	<u>1,369</u>	<u>1,336</u>	<u>1,343</u>	<u>1,321</u>	<u>1,369</u>

(1) Includes employees of the Stratford Library Association, whose budget is supported by the Town, but whose employees are hired and managed by the Town Council-appointed Library Trustees.

(2) Includes Town grant supported employees and Town employees supported by Enterprise funds, including the Wastewater Treatment Plant and Short Beach Golf Course.

Source: Town Officials.

Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u> (1)
General Government	
Administration	30
Finance	19
Human Development	75
Physical Development	121
Public Safety	232
Wastewater Operations - WPC	15
Grants (2)	<u>18</u>
Subtotal	<u>510</u>
Board of Education	
Administration and Principals	45
Teachers	557
Secretaries/Paraprofessionals	45
Classroom Instructional Aids	89
Nurses	14
Custodial/Maintenance	41
Cafeteria Workers	36
Non-union	<u>32</u>
Subtotal	<u>859</u>
Grand Total	<u>1,369</u>

(1) As of July 1, 2013.

(2) Includes employees of the Stratford Library Association, whose budget is supported by the Town, but whose employees are hired and managed by the Town Council-appointed Library Trustees.

Source: Town Officials.

Municipal Employee Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u> (1)	<u>Current Expiration Date</u>
General Government			
Communications/Dispatch	United Public Service Employees Union	10	6/30/2013 (2)
Police	Council #15, Local 407, AFSCME	99	6/30/2013 (2)
Public Works	Local 134, Stratford Public Works Employees Association	102	6/30/2013 (2)
Firefighters	Local 998, International Association of Firefighters	95	6/30/2014
Town Hall	Local 136, Administrative, Technical and Clerical Employees AFL-CIO	48	6/30/2010 (3)
Supervisors	Supervisors, Council #4 AFSCME	31	6/30/2014
Non-Bargaining	Town non-bargaining employees (4)	<u>125</u>	N/A
	Total General Government	<u>510</u>	
Board of Education			
Administrators	Stratford Administrators Association Inc.	45	6/30/2014
Teachers	Stratford Education Association (Teachers)	557	6/30/2013 (2)
Nurses	Stratford School Nurses' Association, CSEA	14	6/30/2016
Classroom Instructional Aids (CIA), & Lunch Personnel	UAW Local 376	125	6/30/2013 (2)
Secretaries	Stratford Educational Secretaries' Association, CSEA	45	6/30/2014
Custodians	Stratford Public School Custodians Association	41	6/30/2013 (2)
Non-Bargaining	Town non-bargaining employees	<u>32</u>	
	Total Board of Education	<u>859</u>	
	Total	<u>1,369</u>	

(1) As of July 1, 2013.

(2) In negotiations.

(3) In binding arbitration.

(4) Includes both grant employees and employees of the Stratford Library Association.

Source: Town Officials.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Economic Development

Stratford is located within an hour drive of New York City in Connecticut's Fairfield County. The Town is served by Interstate 95, the Merritt Parkway, Sikorsky Memorial Airport and Metro North Rail Service which provide convenient access to the entire Northeast corridor. The Town's location and its 18 miles of coastline, beautiful parks and recreational facilities, and rich cultural heritage make Stratford a desirable community to both work and live.

Since 2012, the Town has seen numerous current businesses expand and many new business move into town. Penmar Industries, Cober Electronics, Crunch Fitness, El's Kitchen and Seaboard Industries are some of the new companies that have relocated to Stratford. Aptar, Teavana, Nuovo Pasta, Straton Industries, York laboratories, and Stratford Land Development are current Stratford businesses that are expanding in size, potentially creating dozens of jobs.

The Stratford Land Development commercial real estate company is building a new 500,000 square foot building off Lordship Blvd, which is expected to create more than 100 jobs. Two Roads Brewery is currently operating at the historic U.S. Baird property. The brewery was partially funded by a \$500,000 grant from the State of Connecticut Department of Economic and Community Development. The brewer was also awarded a \$1,000,000 loan from the Connecticut Development Authority, predecessor of Connecticut Innovations. This destination brewery opened in December 2012 and has been a success, attracting visitors from all over Connecticut and the New England area.

A 128-unit multi-family housing complex will be ready for occupants by fall of 2013. The Town of Stratford helped clear the way for the redevelopment of a long-vacant Brownfield site at the former Keating Ford car dealership. St Vincent's Hospital is also opening a walk-in medical clinic at 3272 Main Street. The Town has already approved the new 20,000 square foot clinic to be built this summer.

The Town's Grand List is expected to grow substantially in the next two fiscal quarters due to ongoing projects that are close to completion. The U.S. General Services Administration and the Army have selected a developer for the 77-acre Stratford Army Engine Plant. A purchase and sale agreement for the parcel is expected to be announced between Point Stratford Renewal and the Army within the next three to four months, creating job opportunities and increasing the value of the Town's taxable grand list.

The State of Connecticut's Small Business Express Program has awarded more than one million dollars in grants and loans to multiple businesses in the Town, including the Blue Sky Diner, State Farm Insurance, Straton Industries and Roberge Associates Inc. Each grant/loan will help each of these businesses expand and create job opportunities in Stratford.

Mayor John Harkins has formed the Stratford Redevelopment Authority (SRA) whose purpose and mission it is to devise and implement a diverse plan to promote industrial, economic and commercial development and growth in Stratford.

The Town and the City of Bridgeport have recently reached a historic agreement regarding improvements at the Sikorsky Memorial Airport, which is owned by the City of Bridgeport but located in Stratford. Mayor John Harkins and Mayor Bill Finch of Bridgeport met in June with the U.S. Secretary of the Department of Transportation Ray LaHood to formalize the agreement which will resolve a decades' long discord between the towns. Under the terms of the agreement, a safety zone will be created at the end of the runway, Main Street will be moved to alleviate flooding issues and several blighted hangers will be restored. The agreement locks in the current lengths of the runways which had previously been a major concern of Town residents.

Recent Town Fiscal and Operational Control Action Steps

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

On April 22, 2013, the Town's Fiscal Year 2013-2014 operating budget was adopted. The administration's goal of holding spending to no more than a 2% year-over-year increase was met with operating expenses increasing less than one half of one percent. During budget meetings, department heads reviewed each program and expenditure and were asked to justify expenditures, overages or shortages to the Chief Administrative Officer, Mayor, Director of Finance and Human Resources Director. On the revenue side of the budget, for Fiscal Year 2014 the tax collection assumption was raised slightly to reflect recent upswing in collection rates. Additionally, Quarterly Business Reviews (QBRs) have been undertaken to review and better manage fiscal operations.

Union contracts with five of six of the Town's collective bargaining units are settled with the remaining unit in arbitration. 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. Finally, in Fiscal Year 2013 the work force in the economic development department was increased in order to place further emphasis on grand list growth and diversification.

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 energy improvement projects in late December 2011 through the issuance of a combination of approximately \$10,500,000 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 and Police and Public Safety CAD systems have been fully implemented as of March 29, 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, which is expected to generate increased parking revenues for the Town.

Recent Financial Results

For Fiscal Year ending June 30, 2013, the Town anticipates that it will end the year with a \$338,000 operating surplus in the General Fund (see "Comparative General Fund Operating Statement – FY 2012-13 and FY 2013-14" herein). Total General Fund revenues and transfers are anticipated to be \$3.9 million more than budgeted which will be partially offset by an anticipated negative expenditure variance of \$3.5 million.

The main driver of the estimated revenue surplus was a positive variance of \$3.8 million in Intergovernmental Revenue which was the result of approximately \$2.6 million in non-budgeted FEMA storm recovery reimbursement. That positive revenue variance was partially off-set by a \$0.8 million negative revenue variance in property taxes which was the result of a \$1.7 million shortfall in arrears tax and interest collections due to adjustments from unfavorable tax appeal settlements. However, current tax collections are expected to exceed budget by approximately \$0.9 million. Finally, the Town had a combined net positive revenue variance of approximately \$0.6 million in other revenue accounts.

The estimated \$3.5 million negative expenditure variance includes a total of \$2.4 million of unanticipated General Fund expenses related to Hurricane Sandy and Winter Storm Nemo that are spread throughout various Town Departments. The Public Works Department is expected to exceed budget by \$3.4 million in total, including \$2.2 million of storm-related expenses. Public Safety is expected to exceed budget by \$0.8 million. Under Public Safety, Fire Department expenditures are anticipated to exceed budget by approximately \$0.7 million, inclusive of negative expenditure variances of approximately \$0.4 million for overtime and \$0.3 million for regular payroll. Finally, the Town experienced a combined net negative expenditure variance of approximately \$0.6 million in other accounts.

The Town's cost control efforts include continuing to monitor all overtime expenses and bi-weekly expense reviews with department heads as well as Quarterly Business Reviews (QBRs) to review and better manage fiscal operations. Although there are many unknowns heading into Fiscal Year 2013-14, including ongoing union negotiations with three of six Town collective bargaining units, negotiations with three of the six Board of Education bargaining units, binding arbitration with one of six units and ongoing worker's compensation cases, the Town will work to continue to control spending, hit its collection goals and strive to achieve balanced operations.

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SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of Stratford</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1970	49,775	792,814	3,032,217
1980	50,541	807,143	3,107,576
1990	49,389	857,270	3,287,116
2000	49,976	882,567	3,405,565
2010	51,384	916,829	3,574,097

Source: U.S. Census Bureau.

Age Characteristics of Population

<u>Age</u>	<u>Town of Stratford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	2,769	5.4	202,106	5.7
5 - 9	3,014	5.9	222,571	6.2
10 - 14	3,383	6.6	240,265	6.7
15 - 19	3,286	6.4	250,834	7.0
20 - 24	2,620	5.1	227,898	6.4
25 - 34	5,745	11.2	420,377	11.8
35 - 44	7,047	13.7	484,438	13.6
45 - 54	8,009	15.6	575,597	16.1
55 - 59	3,437	6.7	240,157	6.7
60 - 64	3,100	6.0	203,295	5.7
65 - 74	4,176	8.1	254,944	7.1
75 - 84	3,172	6.2	166,717	4.7
85 and over	1,626	3.2	84,898	2.4
Total	<u>51,384</u>	<u>100.0</u>	<u>3,574,097</u>	<u>100.0</u>

Source: U.S. Census Bureau, Census 2010.

Selected Wealth and Income Indicators

	<u>Median Family</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2010)</u>	<u>(2000)</u>	<u>(2010)</u>
Town of Stratford	\$64,364	\$ 82,945	\$26,501	\$ 33,350
Fairfield County	77,690	101,295	38,350	46,535
Connecticut	65,521	84,558	28,766	36,613
United States	49,600	62,735	21,690	27,158

Source: U.S. Census Bureau.

Income Distribution

	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	284	2.2	6,503	2.9	30,321	3.4
10,000 to 14,999	40	0.3	3,820	1.7	20,207	2.2
15,000 to 24,999	365	2.8	11,410	5.0	48,201	5.3
25,000 to 34,999	1,244	9.5	12,599	5.6	58,835	6.5
35,000 to 49,999	1,647	12.6	19,365	8.5	90,972	10.1
50,000 to 74,999	2,327	17.8	30,740	13.6	147,948	16.4
75,000 to 99,999	2,034	15.5	27,666	12.2	134,851	14.9
100,000 to 149,999	2,914	22.2	43,568	19.2	185,568	20.5
150,000 to 199,999	1,099	8.4	24,268	10.7	86,104	9.5
200,000 or more	1,149	8.8	46,896	20.7	100,939	11.2
	<u>13,103</u>	<u>100.0</u>	<u>226,835</u>	<u>100.0</u>	<u>903,946</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2009-2011 American Community Survey.

Educational Attainment

<u>Educational Attainment Group</u>	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	1,526	4.2	34,645	5.6	111,347	4.6
9th to 12th grade, no diploma	2,039	5.6	37,410	6.0	162,645	6.7
High School graduate (includes equivalency)	11,945	32.8	143,152	23.1	680,397	28.0
Some college, no degree	7,664	21.1	96,043	15.5	429,810	17.7
Associates degree	2,844	7.8	36,109	5.8	177,238	7.3
Bachelor's degree	6,173	17.0	155,023	25.0	491,234	20.2
Graduate or professional degree	4,208	11.6	116,831	18.9	378,761	15.6
Total	36,399	100.0	619,213	100.0	2,431,432	100.0
Percent of High School Graduates		90.2%		88.4%		88.7%
Percent of College Graduates		28.5%		43.9%		35.8%

Source: U.S. Census Bureau, 2009-2011 American Community Survey.

Employment by Industry

<u>Employment Sector</u>	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Manufacturing	3,132	12.6	38,812	8.8	193,152	11.1
Non-manufacturing						
Agriculture, Forestry, Fishing, Hunting & Mining	47	0.2	1,078	0.2	6,539	0.4
Construction	1,811	7.3	30,597	6.9	101,094	5.8
Wholesale Trade	520	2.1	11,679	2.7	43,227	2.5
Retail Trade	2,909	11.7	47,025	10.7	189,948	10.9
Transportation, Warehousing & Utilities	1,210	4.9	14,682	3.3	66,665	3.8
Information	651	2.6	12,727	2.9	42,113	2.4
Finance, Insurance & Real Estate	1,860	7.5	52,910	12.0	162,400	9.3
Professional, Scientific & Management	2,517	10.1	65,960	15.0	189,609	10.9
Educational Services & Health Care	6,703	27.0	96,496	21.9	459,714	26.3
Arts, Entertainment, Recreation & Food Services	1,489	6.0	32,517	7.4	144,326	8.3
Other Service (including nonprofit)	1,116	4.5	24,730	5.6	80,265	4.6
Public Administration	849	3.4	11,154	2.5	67,741	3.9
Total Non-manufacturing	21,682	87.4	401,555	91.2	1,553,641	88.9
Total	24,814	100.0	440,367	100.0	1,746,793	100.0

Source: U.S. Census Bureau, 2009-2011 American Community Survey.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees (1)</u>
Sikorsky Aircraft (2)	Manufacturer of Helicopters	8,415
Town of Stratford	Government	1,369
United Parcel Service	Package Delivery	750
Stratford Retailer Condo Assoc.	Retail Chains	590
Ashcroft Holdings	Manufacturer of Gauges, Valves	440
Cablevision	Cable Television, Internet, Telecom.	440
Lord Chamberlain	Skilled Nursing Facility	436
Aptar	Manufacturer Pump Atomizers	320
Wal*Mart	Retail Chain	310
CPP Global	Health and Beauty Care	280
AT&T	Telecommunications	250
Connecticut Distributors	Liquor Distributors	247
Yale New Haven Technology Center	Electronic Data Storage	200
Bridgeport Fittings	Manufacturer of Electrical Fittings	200
William B. Meyer	Moving, Storage, Rigging	200
Stop & Shop	Retail Grocery Products	192
ShopRite	Retail Grocery Products	166
Home Depot	Retail Chain	136
Aurora Products	Dried Fruit Packaging	125
Total		15,066

(1) As of September 6, 2013.

(2) On September 1, 2013 Sikorsky announced the planned layoff of 200 hourly workers and said that it will offer eligible union-represented workers a voluntary separation. The actual number of layoffs at the Stratford facility was not provided however it was reported that 150 of the jobs may come from Connecticut. This new announcement was in addition to the June 2013 layoffs of approximately 85 employees at the Stratford facility.

Source: Town of Stratford, Department of Economic and Community Development.

Unemployment Rate Statistics (Non-seasonally adjusted)

<u>Yearly Average</u>	<u>Town of Stratford</u>	<u>Bridgeport Labor Market (1)</u>	<u>State of Connecticut</u>	<u>United States</u>
2003	6.4 %	6.7 %	5.5 %	5.8 %
2004	5.4 %	5.6 %	4.9 %	5.5 %
2005	5.3 %	4.7 %	4.9 %	5.1 %
2006	4.5 %	3.9 %	4.3 %	4.6 %
2007	4.7 %	4.1 %	4.6 %	4.6 %
2008	6.1 %	5.3 %	5.7 %	5.8 %
2009	8.7 %	7.6 %	8.0 %	9.3 %
2010	9.9 %	8.5 %	9.0 %	9.6 %
2011	9.6 %	8.2 %	8.8 %	9.0 %
2012	9.1 %	7.8 %	8.3 %	8.1 %
<u>2013 Monthly</u>				
January	9.0 %	8.0 %	8.7 %	8.5 %
February	9.2 %	7.9 %	8.4 %	8.1 %
March	8.7 %	7.7 %	8.2 %	7.6 %
April	8.4 %	7.3 %	7.8 %	7.1 %
May	8.7 %	7.5 %	8.1 %	7.3 %
June	8.7 %	7.5 %	8.2 %	7.8 %
July	9.1 %	7.7 %	8.3 %	7.7 %

(1) Beginning in January 2005, the State of Connecticut Department of Labor combined the Stamford and Bridgeport Labor Market Areas.

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

Value of Building Permits

Calendar Year	Value	Alterations/ Additions	
		Miscellaneous	Total
2013 (1)	\$ 10,776,105 (2)	\$ 6,739,233	\$ 17,515,338
2012	1,311,653	15,906,965	17,218,618
2011	3,070,277	17,603,403	20,673,680
2010	4,283,455	26,892,946	31,176,401
2009	2,401,105	17,307,194	19,708,299
2008	3,564,153	16,359,527	19,923,680
2007	11,054,016	52,216,684	63,270,700
2006	14,288,954	20,124,945	34,413,899
2005	6,292,569	16,489,229	22,781,798
2004	11,509,909	14,505,600	26,015,509

(1) As of April 30, 2013.

(2) Includes \$9,541,246 for a four (4) building multi-family housing complex.

Source: Town of Stratford, Office of Building Inspections.

Number of Dwelling Units

2010	2000	1990	1980	% Increase 2000-2010	% Increase 1980-2010
21,091	20,596	20,152	18,957	2.4%	11.3%

Source: U.S. Census Bureau.

Characteristics of Housing Units

Value of Owner Occupied Units	Town of Stratford		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	313	2.0	2,880	1.3	17,014	1.8
50,000 to 99,999	366	2.3	3,503	1.5	21,317	2.3
100,000 to 149,999	829	5.2	5,604	2.4	58,439	6.3
150,000 to 199,999	1,677	10.6	11,363	4.9	129,744	14.0
200,000 to 299,999	6,489	41.1	34,121	14.8	274,604	29.6
300,000 to 499,999	5,288	33.5	73,850	32.1	262,712	28.3
500,000 to 999,999	773	4.9	65,752	28.6	120,493	13.0
1,000,000 and over	62	0.4	33,083	14.4	43,470	4.7
Total	15,797	100.0	230,156	100.0	927,793	100.0
Median Value	\$274,100		\$447,600		\$285,800	

Source: U.S. Census Bureau, 2009-2011 American Community Survey.

Age Distribution of Housing

Year Structure Built	Town of Stratford		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	5,236	25.2	79,159	21.9	342,759	23.0
1940 to 1949	2,471	11.9	27,141	7.5	104,220	7.0
1950 to 1959	4,410	21.2	61,721	17.1	229,476	15.4
1960 to 1969	2,783	13.4	52,544	14.5	201,661	13.5
1970 to 1979	3,739	18.0	51,549	14.3	201,264	13.5
1980 to 1989	1,095	5.3	40,767	11.3	195,577	13.1
1990 to 1999	684	3.3	24,007	6.6	108,904	7.3
2000 to 2004	236	1.1	14,379	4.0	61,616	4.1
2005 or later	165	0.8	10,300	2.8	43,798	2.9
Total housing units	20,819	100.0	361,567	100.0	1,489,275	100.0

Source: U.S. Census Bureau, 2009-2011 American Community Survey.

Breakdown of Land Use

Land Use Category	Total Acreage by Zoning	Percent
Residential	5,467	43.0
Business & Commercial	592	4.7
Industrial	699	5.5
Water Bodies, Roads, R.O.W.'s, Other	1,738	13.7
Schools, Parks, Recreation	1,117	8.8
Other Public Land	234	1.8
Transportation/Utility	561	4.4
Churches, Places of Worship	51	0.4
Cemetery	137	1.1
Agricultural	35	0.3
Vacant Land	2,093	16.4
Total Area	12,723	100.0

Source: Town Plan of Conservation and Development, December 2003.

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit and Debt Margin

As of October 10, 2013 (Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2013 (unaudited estimate)	\$ 154,052,416
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze	<u>10,000</u>
Base for Debt Limitation Computation	<u><u>\$ 154,062,416</u></u>

<u>Debt Limitation (1)</u>	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban</u>	<u>Past Pension</u>	<u>Total Debt</u>
2 1/4 times base	\$346,640,437					
4 1/2 times base		\$693,280,874				
3 3/4 times base			\$577,734,061			
3 1/4 times base				\$500,702,853		
3 times base					\$462,187,249	
7 times base						\$1,078,436,915
Indebtedness:						
Outstanding Debt (2)	62,601,059	32,776,056	-	-	30,135,000	125,512,115
Refunded Bonds	(13,959,471)	(3,165,529)				(17,125,000)
The Bonds (<i>This Issue</i>)	13,580,000	3,080,000	-	-	-	16,660,000
Clean Water Fund PLO (3)	-	-	39,733,130	-	-	39,733,130
Authorized but Unissued Debt	<u>15,022,321</u>	<u>77,001,519</u>	<u>1,327,141</u>	-	-	<u>93,350,981</u>
Total Indebtedness	<u>77,243,909</u>	<u>109,692,046</u>	<u>41,060,271</u>	-	<u>30,135,000</u>	<u>258,131,226</u>
Less:						
School Grants Receivable (4)	-	(38,120,873)	-	-	-	(38,120,873)
Total Net Indebtedness	<u>77,243,909</u>	<u>71,571,173</u>	<u>41,060,271</u>	-	<u>30,135,000</u>	<u>220,010,353</u>
Debt Limitation in Excess of Indebtedness	<u><u>\$269,396,528</u></u>	<u><u>\$621,709,700</u></u>	<u><u>\$536,673,790</u></u>	<u><u>\$500,702,853</u></u>	<u><u>\$432,052,249</u></u>	<u><u>\$858,426,561</u></u>

- (1) Under Chapter 109 of the Connecticut General Statutes the total of all indebtedness shall not exceed seven times the base or \$1,078,436,915.
- (2) In December 2011, the Town entered into a Guaranteed Energy Performance Contract ("EPC") with Honeywell International Inc. under which various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The costs of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$1,368,031 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential.
- (3) The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program. The Town also has received approximately \$14,590,164 in grants for the improvements. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.
- (4) As of October 10, 2013, the Town expects to receive \$36,764,400 in progress payments for recent school construction projects and \$1,356,473 in school building construction bond subsidy grants from the State of Connecticut over the life of outstanding school construction bonds approved prior to July 1, 1996. (See "School Projects" herein.)

Source: Town Officials.

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Calculation of Net Direct Indebtedness

As of October 10, 2013 (Pro Forma)

Indebtedness (1)	
Bonded Debt	
Refunded Bonds	\$ (17,125,000)
The Bonds (<i>This Issue</i>)	16,660,000
General Purpose	62,601,059
Schools	32,776,056
Sewers	-
Pensions	30,135,000
State of Connecticut CWF PLO (2)	<u>39,733,130</u>
Total Bonded Debt	<u>164,780,245</u>
Short Term Debt	-
Gross Direct Debt	164,780,245
Exclusions:	
School Grants Receivable (3)	(1,356,473)
Guaranteed Energy Performance Contract (4)	<u>(8,212,115)</u>
Net Direct Debt	<u>\$155,211,657</u>

(1) Does not include authorized but unissued debt of \$93,350,981.

(2) The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program. The Town also has received approximately \$14,590,164 in grants for the improvements. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.

(3) As of October 10, 2013, the Town expects to receive \$1,356,473 in school building construction bond subsidy grants from the State of Connecticut over the life of outstanding school construction bonds approved prior to July 1, 1996. (See "School Projects" herein.)

(4) In December 2011, the Town entered into a Guaranteed Energy Performance Contract ("EPC") with Honeywell International Inc. under which various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The costs of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$1,368,031 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential.

Current Debt Ratios

As of October 10, 2013 (Pro Forma)

Gross Direct Debt	\$164,780,245
Net Direct Debt	\$155,211,657
Population (1)	51,384
Net Taxable Grand List (10/1/12)	\$4,531,453,688
Estimated Full Value	\$6,473,505,269
Equalized Net Taxable Grand List (2010) (2)	\$6,257,705,490
Per Capita Income (2010) (3)	\$33,350
Total Direct Indebtedness:	
Per Capita	\$3,206.84
To Net Taxable Grand List	3.64%
To Estimated Full Value	2.55%
To Equalized Net Taxable Grand List	2.63%
Per Capita to Per Capita Income	9.62%
Net Direct Indebtedness:	
Per Capita	\$3,020.62
To Net Taxable Grand List	3.43%
To Estimated Full Value	2.40%
To Equalized Net Taxable Grand List	2.48%
Per Capita to Per Capita Income	9.06%

(1) U.S. Census Bureau, Census 2010.

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Census Bureau, American Community Survey, 2006-2010.

Historical Debt Statement

	<u>2012-13 (1)</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Population (2)	51,384	51,384	51,384	48,930	48,853
Net taxable grand list	\$4,525,015,543	\$4,515,905,062	\$4,568,144,270	\$4,626,511,926	\$4,569,672,962
Estimated full value	\$6,464,307,919	\$6,451,292,946	\$6,525,920,386	\$6,609,302,751	\$6,528,104,231
Equalized net taxable grand list (3)	\$6,257,705,490	\$6,257,705,490	\$6,749,119,646	\$6,788,547,960	\$7,495,976,591
Per capita income (4)	\$ 33,350	\$ 33,350	\$ 31,571	\$ 31,571	\$ 31,571
Short-term debt	\$ -	\$ -	\$ -	\$ 50,970,633	\$ 52,870,633
Long-term debt	\$ 179,273,957	\$ 174,019,350	\$ 182,706,324	\$ 139,061,529	\$ 141,915,123
Total Direct debt	\$ 179,273,957	\$ 174,019,350	\$ 182,706,324	\$ 190,032,162	\$ 194,785,756
Net Direct debt	\$ 180,997,731	\$ 171,816,443	\$ 180,023,139	\$ 186,623,077	\$ 190,643,745

(1) Unaudited estimate.

(2) U.S. Census Bureau.

(3) Office of Policy and Management, State of Connecticut

(4) U.S. Census Bureau.

Historical Debt Ratios

	<u>2012-13 (1)</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Total Direct debt:					
Per capita	\$3,488.91	\$3,386.64	\$3,555.70	\$3,883.76	\$3,987.18
To net taxable grand list	3.96%	3.85%	4.00%	4.11%	4.26%
To estimated full value	2.77%	2.70%	2.80%	2.88%	2.98%
To equalized net taxable grand list	2.86%	2.78%	2.71%	2.80%	2.60%
Debt per capita to per capita income	10.46%	10.15%	11.26%	12.30%	12.63%
Net direct debt:					
Per capita	\$3,522.45	\$3,343.77	\$3,503.49	\$3,814.08	\$3,902.40
To estimated full value	2.80%	2.66%	2.76%	2.82%	2.92%
To equalized net taxable grand list	2.89%	2.75%	2.67%	2.75%	2.54%
Debt per capita to per capita income	10.56%	10.03%	11.10%	12.08%	12.36%

(1) Unaudited estimate.

Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

Overlapping and Underlying Indebtedness

The Town has no overlapping or underlying indebtedness.

Clean Water Fund Program

The Town is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are funded with a 30% grant and a 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs ("Interim Funding Obligations"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in a single annual installment representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement and then thereafter in monthly installments. Loans made under a Loan Agreement entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following permanent Clean Water Fund loans outstanding:

Project	Date of Issue	Original 2% Loan Amount	Amount
			Outstanding As of 10/10/13
CWF PLO 246-C	2/28/1996	\$ 3,340,576	\$ 264,106
CWF PLO 246-CD1	7/31/1997	603,109	17,995
CWF PLO 246-CD2	7/31/1998	572,253	17,654
CWF PLO 105-CSL	8/31/2007	1,837,123	1,292,156
CWF PLO 366-C1	10/29/2010	46,154,572	38,141,219
		<u>\$ 52,507,633</u>	<u>\$ 39,733,130</u>

The Town has recently completed renovations and upgrades to its Water Pollution Control Facility which were financed through the State of Connecticut's Clean Water Fund Program. In October 2010, the Town borrowed approximately \$46.1 million and received approximately \$12.8 million in grants from the State of Connecticut Clean Water Fund and \$1.7 million in grants from the federal government for the project. Although the security on the loans for this project are the Town's full faith and credit, the Town expects that the debt service on the loans will be repaid from sewer user fees.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut (the "State of Connecticut" or the "State") provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to a municipality after it submits its request for progress payments, and accordingly, the municipality will issue bonds and notes only for its net share of project costs. Major school projects of the Town not being financed with this issue which will receive reimbursement under this method include the following:

Project	Total Authorization	Reimbursement Rate	Estimated Grant (1)
New Victoria Soto School (2)	\$ 15,850,654	56.43%	\$ 8,706,607
Stratford High School Improvements	56,115,586	50.00%	28,057,793
Total	<u>\$ 71,966,240</u>		<u>\$36,764,400</u>

- (1) Estimated grants receivable are based upon eligibility of project costs. Eligible costs are to be determined at completion of a post-project audit.
- (2) The Town anticipates seeking an additional \$2,500,000 authorization in October 2013.

Debt service reimbursement of approximately \$1,356,473 will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the prior program, a municipality issued bonds and notes for the entire amount of the school construction project and the State reimbursed the municipality for principal and interest costs for eligible school construction projects over the life of outstanding school bond issues necessary to completely fund the project.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable,

and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school construction projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists for such state and/or federal grants, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes, as amended, subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Town Charter, upon the vote of the Town Council after recommendation by the Ordinance Committee, the Town may issue bonds and notes pursuant to the Connecticut General Statutes for the purposes and to the limit allowed by the Connecticut General Statutes.

Ordinances for bonds specify that the Town shall levy taxes in each year to meet the principal and interest due and payable on bonds issued pursuant to such ordinances.

Provisions Regarding Bond Authorizations

The normal provisions for adopting a bond ordinance in accordance with the Town Charter are provided below. However, in the case of refunding bonds, the Town, in accordance with Section 7-370c of the Connecticut General Statutes, which supersedes the Town Charter, authorizes its refunding bonds by the passage of a resolution by the Town Council. Such resolution is effective immediately upon passage.

Pursuant to the Town Charter, the legislative body of the Town is the Town Council. The Town Council has the authority to adopt ordinances making appropriations and authorizing the issuance of bonds and notes to meet appropriations. Bond ordinances require public notice of at least two weeks before final action by the Town Council. After a public hearing and a second reading, bond ordinances must be adopted upon the approval of at least seven members of the Town Council, or failing such approval, may be submitted to the electors of the Town at a regular or special election. Ordinances become effective thirty days after passage.

The Town's bond ordinances authorize bonds or bond anticipation notes to be issued and sold by the Mayor and the Director of Finance. The Mayor and Director of Finance also approve the issuance and sale of bonds from time to time to permanently finance any bond anticipation notes outstanding when there are no other conditions precedent to the issuance of bonds under duly adopted ordinances.

The Charter of the Town provides in Section 6.2.6 as follows: "Upon the adoption of a budget, the council shall, by ordinance, levy such tax as may be necessary to meet the appropriations made (less the estimated amount of revenue from other sources) and all sums required by law to be raised on account of the Town debt, together with such addition, not exceeding five (5%) per centum, as may be necessary to meet commissions, fees and abatements in the amount of taxes collected from the estimates, and shall prescribe the manner and time for payment."

The Charter provides further in Section 2.2.4., in part, as follows: "...Every issue of bonds shall be payable with a term of years not to exceed the estimated period of utility of the public improvement for which they are issued and in no case exceed thirty (30) years, and shall be payable with exception of the last annual installment, in equal annual serial installments." and "...Every ordinance for the issue of bonds shall provide for a tax levy for each year to meet the annual serial installments of principal and interest, and such amounts shall be included in a tax levy for each year until said bonds shall have been paid in full."

Each bond ordinance of the Town, including the bond ordinance for the Bonds, contains the provisions of Sections 6.2.6 and 2.2.4 of the charter, with respect to a pledge to levy taxes sufficient to pay principal and interest due on bonds of the Town in any fiscal year. Each bond of the Town issued pursuant to the Town Charter and a duly adopted bond ordinance constitutes a contract between the Town and the owner thereof.

The above provisions of the Town Charter and State law impose a legal duty on the Town to levy ad valorem taxes on all taxable property in the Town without limitation as to rate or amount, except as to classified property, to pay principal of and interest on the bonds or notes of the Town and, in the event of failure by the Town to make such payments when due, a bond owner may sue the Town to compel such payments.

The Charter of the Town further provides electors of the Town the power to initiate a petition for the adoption or repeal of ordinances or other measures. If the Town Council shall fail to adopt an ordinance or other measure initiated by petition, the proposed ordinance or measure must be submitted to a vote of the electors at the next Town election occurring not less than 30 days after the date of the final action by the Town Council, and if no election is to be held within six months from such date, the Town Council shall call a special election to be held not less than 30 nor more than 45 days from such date. If the electors petition to repeal an ordinance, a petition may be filed within 30 days of its final passage. The Town will reconsider such ordinance which will not go into effect until a vote of the electors is held. If the Town Council does not repeal the ordinance, it will be submitted to a vote of the electors at the next Town election which must occur not less than 30 days after such petition is filed.

Capital Improvement and Capital Equipment Programs

The Mayor annually prepares five-year municipal capital improvement and capital equipment programs ("CIP/CEP"). The CIP/CEP are systematic programs of capital improvements to the Town's physical assets. The CIP/CEP are subject to approval of the Town Council annually.

Department	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Board of Education	\$ 3,897,170	\$ 7,304,720	\$ 7,837,835	\$ 7,730,995	\$ 4,796,200	31,566,920
General Government						
Town Facilities	2,335,333	2,856,447	1,602,500	685,000	721,000	8,200,280
Roads & Sewers	6,580,000	10,102,000	17,020,000	8,400,000	4,450,000	46,552,000
Public Works	1,647,363	2,289,263	1,571,263	1,486,263	678,263	7,672,415
Community Development	28,000	-	-	-	-	28,000
Public Safety	1,675,300	2,170,900	849,900	847,300	672,350	6,215,750
Social Services	45,000	-	-	-	-	45,000
Total General Government	<u>12,310,996</u>	<u>17,418,610</u>	<u>21,043,663</u>	<u>11,418,563</u>	<u>6,521,613</u>	<u>68,713,445</u>
Total Program Costs	<u>\$ 16,208,166</u>	<u>\$ 24,723,330</u>	<u>\$ 28,881,498</u>	<u>\$ 19,149,558</u>	<u>\$ 11,317,813</u>	<u>\$100,280,365</u>

Funding Sources	2013-14	2014-15	2015-16	2016-17	2017-18	Total
General Fund	\$ 1,627,946	\$ 2,513,796	\$ 1,613,648	\$ 1,484,558	\$ 1,313,263	\$ 8,553,211
General Obligation Bonds (General Fund)	13,033,670	21,007,334	26,296,350	16,421,100	9,327,600	86,086,054
General Obligation Bonds (Harbor Fund)	-	-	-	500,000	-	500,000
LOCIP Grants	820,000	517,500	287,500	100,000	-	1,725,000
Enterprise/Special Revenue Fund	-	20,000	22,500	-	-	42,500
EMS Fund	51,550	37,700	41,500	43,900	51,950	226,600
WPCA Fund	675,000	627,000	620,000	600,000	625,000	3,147,000
Total Funding Sources	<u>\$ 16,208,166</u>	<u>\$ 24,723,330</u>	<u>\$ 28,881,498</u>	<u>\$ 19,149,558</u>	<u>\$ 11,317,813</u>	<u>\$100,280,365</u>

Future Indebtedness

School Projects:

The Town is currently undertaking two major school improvement projects. The first project is the new Victoria Soto School (formerly, Honeyspot House Elementary school), a 34,000 square foot facility for Pre-K/Kindergarden to second grade which will be located adjacent to the existing Stratford Academy Elementary school. The project has been approved by the Town Council and Board of Education and plans were submitted to the State of Connecticut Department of Education for approval. An architect has been selected and the project design has been completed. Currently, the Town is expecting to award the construction bid in October 2013 with construction commencing in November 2013. The Town is expecting that the building will be open for the 2015-2016 school year. The total project cost is currently estimated to be \$17,850,000 and the Town expects to receive approximately \$8,706,607 in state grants to offset the local share of the project. To date, the Town has authorized \$15,850,654 for the project and is anticipating seeking an additional \$2,500,000 authorization in October 2013.

The second school project consists of comprehensive renovations and 5,000 square foot addition at the existing Stratford High School. The renovations include HVAC system upgrade, energy improvements and efficiencies, and reconfiguration of existing spaces to include additional science classrooms and instructional space. The total project cost is estimated to be \$56,115,586 and the Town anticipates receiving approximately \$28,057,793 in state grants to offset the local share of the project.

Pension Bonds:

The Town is currently preparing to issue approximately \$161,000,000 in taxable general obligation Pension Bonds to fund a portion of the unfunded actuarially accrued liability of its retirement plan thereby increasing the plan's funded ratio to eighty-five percent (85%). It is expected that the Pension Bonds will be amortized over a twenty-five (25) year period utilizing a level principal structure, as required by Town Charter. On May 13, 2013 the Town Council approved a bond ordinance authorizing the issuance of up to \$220,000,000 in Pension Bonds. Pursuant to Section 7-374c of the Connecticut General Statutes (the "Pension Bond Statute"), the Town was required to send written notification of its intent to issue Pension Bonds to the State of Connecticut's Secretary of the Office of Policy and Management (the "Secretary") and the State Treasurer (the "Treasurer") and to supply certain information regarding the proposed issuance. The Secretary and Treasurer do not have the power to approve or disapprove a municipality's proposed issuance of Pension Bonds. On July 2, 2013 the Town submitted formal notification of its intent to issue the Pension Bonds and supplied the Secretary and Treasurer with the required documentation. The Secretary and Treasurer requested additional information on July 16, 2013 and the requested information was provided on July 31, 2013. On August 30, 2013 the Town received a written letter of review (the "Review") from the Secretary and Treasurer. In the Review, the Secretary and Treasurer verified that the Town had satisfied the notification and information requirements of the Pension Bond Statute. The Review also included fifteen non-binding recommendations. Most of the recommendations were general in nature and cautioned the Town to carefully consider the benefits and risks of issuing Pension Bonds such as the loss of budgetary flexibility that arises from converting its unfunded pension liability to a fixed obligation to pay debt service. Also included in the recommendations were three actionable items which addressed the following: 1) the establishment of a more comprehensive written proxy voting policy for its Pension Plan investments; 2) the completion of a liquidity analysis and creation of written plan of action for times of market turmoil taking into account the enhanced liquidity needs for the closed retirement plan and 3) the completion of an actuarial experience study. The Town has carefully reviewed all of the recommendations and believes that it has adequately addressed the need for the recommended studies during the preparation of its actuarial valuation and asset allocation study, and remains comfortable with the decision to proceed with the issuance of the Pension Bonds. The Town expects to issue the Pension Bonds within the next 30 to 60 days.

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Authorized but Unissued Debt

	<u>Amount of Authorization</u>	<u>Prior Debt Issued</u>	<u>Grants Received</u>	<u>Authorized but Unissued</u>
<u>Miscellaneous Capital Bond Ordinances</u>				
Second Hill Lane School	\$ 10,521,675	\$ 10,484,800	\$ -	\$ 36,875
Town Technology	2,002,521	2,000,700	-	1,821
Water Pollution Control Facility Upgrades (1)	61,900,000	46,145,572	14,590,164	1,164,264
Pump Station Improvements	2,000,000	1,837,123	-	162,877
Miscellaneous Town Improvements	600,000	599,000	-	1,000
Victoria Soto School (2)	13,850,654	-	-	13,850,654
Sub-Total Miscellaneous Capital Bond Ordinances	90,874,850	61,067,195	14,590,164	15,217,491
<u>FY 2006-07 Capital Bond Ordinance</u>				
Lordship Elementary School Roof Replacement	600,000	445,000	-	155,000
Sub-Total FY 2006-07 Capital Bond Ordinance	600,000	445,000	-	155,000
<u>FY 2007-08 Capital Bond Ordinance</u>				
Town Garage Roof Replacement	242,000	241,000	-	1,000
Shakespeare Theater	3,100,000	2,000,000	-	1,100,000
Sub-Total FY 2006-07 Capital Bond Ordinance	3,342,000	2,241,000	-	1,101,000
<u>FY 2008-09 Capital Bond Ordinance</u>				
Franklin and Nichols Elementary Bus Drop Off	300,000	250,000	-	50,000
Bruce Brook Improvements at Sage	1,000,000	300,000	-	700,000
Sub-Total FY 2008-09 Capital Bond Ordinance	1,300,000	550,000	-	750,000
<u>FY 2009-10 Capital Bond Ordinance</u>				
Various Doors and Hardware	137,200	137,000	-	200
FRA - Gate and Rails	9,500	9,000	-	500
Sub-Total FY 2009-10 Capital Bond Ordinance	146,700	146,000	-	700
<u>FY 2010-11 Capital Bond Ordinance</u>				
Landfill Closure	100,000	-	-	100,000
Bruce Brook Improvement at Sage	500,000	-	-	500,000
Intersection Improvement Design:				
Canaan/Broadbridge; Sedgewick/Honeyspot	50,000	-	-	50,000
W. Broad St. Culvert & Tanners Brook Improvements	1,000,000	-	-	1,000,000
Stratford High School Improvements (2)	56,115,586	-	-	56,115,586
Franklin School Improvements	200,000	-	-	200,000
Safety and Security Improvements - Schools	100,100	100,000	-	100
Fire Truck Replacement	525,000	-	-	525,000
Above Ground Truck Lift	76,000	75,000	-	1,000
Information Technology Projects	491,000	490,000	-	1,000
Sub-Total FY 2010-11 Capital Bond Ordinance	59,157,686	665,000	-	58,492,686

- (1) Water Pollution Control Facility Upgrades were financed through the State of Connecticut Clean Water Fund Program (See "Clean Water Fund Program" herein). Although the Town pledged its full faith and credit as security on the loans, it is expected that the loans will be repaid from user fees.
- (2) The Town expects to receive school construction progress payments from the State of Connecticut which will reduce the authorized but unissued debt by a similar amount. (See "School Projects" herein.)

<u>FY 2011-12 Capital Bond Ordinance</u>	<u>Amount of Authorization</u>	<u>Prior Debt Issued</u>	<u>Grants Received</u>	<u>Authorized but Unissued</u>
Broadbridge Culvert over Bruce Brook	100,000	-	-	100,000
Shakespeare Estates Storm Relief Pipe	175,000	-	-	175,000
Civil War Monument Restoration (Academy Hill)	25,000	-	-	25,000
Sterling House Elevator (Architect Design)	25,000	-	-	25,000
BOE - Technology Infrastructure	175,000	-	-	175,000
BOE - FOG (Gat, Oils & Grease) Separator	93,000	77,566	-	15,434
Wooster Middle School - Kitchen Floor	100,000	-	-	100,000
Franklin Elementary - Closet Doors	30,000	-	-	30,000
Stratford High - Football Field House at Longbrook Park	175,000	-	-	175,000
Sub-Total FY 2011-12 Capital Bond Ordinance	898,000	77,566	-	820,434
 <u>FY 2012-13 Capital Bond Ordinance</u>				
Conservation - Open Space Acquisition	50,000	-	-	50,000
Eng - Landfill Pre-Closure/Closure Plan	50,000	-	-	50,000
Eng - Civil War Monument Restoration (Academy Hill)	100,000	-	-	100,000
Eng - Ferry Creek Stormwater Pump Station Renovation	500,000	-	-	500,000
Eng - Widen Freeman Brook @ Oronoque	500,000	-	-	500,000
Parks - Restoration/Improv Artificial Turf at Penders Field	700,000	400,000	-	300,000
Browning Street drainage & improvements	40,000	-	-	40,000
Tanners Brook Culvert Cleaning	40,000	-	-	40,000
Johnson House Acad Auditorium Improv.	200,000	-	-	200,000
Engineering - Victoria Soto School	2,000,000	-	-	2,000,000
Sub-Total FY 2012-13 Capital Bond Ordinance	4,180,000	400,000	-	3,780,000
 <u>FY 2013-14 Capital Bond Ordinance</u>				
Fire Radio Communications Upgrade	140,000	-	-	140,000
Engine 2 Replacement (Quint)	800,000	-	-	800,000
Building Grounds & Security Improvement	100,000	-	-	100,000
Equipment Replacement - Short Beach Complex	68,000	-	-	68,000
Fairway Mower	21,000	-	-	21,000
Utility Vehicles - Short Beach Complex	30,000	-	-	30,000
Broom Bear Road Sweeper	250,000	-	-	250,000
Payloaders	175,000	-	-	175,000
Mason Dump Trucks	55,000	-	-	55,000
Workman Cart	12,500	-	-	12,500
Dump Trucks	130,000	-	-	130,000
BOE: Box Truck - Food Services	40,000	-	-	40,000
Information Technology Projects	170,000	-	-	170,000
Backup Data Center/Server Refresh	100,000	-	-	100,000
Virtualize/Internalize E-Mail System	50,000	-	-	50,000
Playground Renovation	150,000	-	-	150,000
Repairs to various Town Parks	150,000	-	-	150,000
Replacement Fencing	50,000	-	-	50,000
Road Resurfacing	2,000,000	-	-	2,000,000
Road Reconstruction	500,000	-	-	500,000
Widen Freeman Brook @ Oronoque	250,000	-	-	250,000
Sidewalk Replacement	250,000	-	-	250,000
Culvert Cleaning	100,000	-	-	100,000
Resurface Parking Lot at Short Beach	100,000	-	-	100,000
Barnum Ave Culvert carrying Bruce Brook	700,000	-	-	700,000
GIS	35,000	-	-	35,000
Assessors and Topographic Map Updates	100,000	-	-	100,000

<u>FY 2013-14 Capital Bond Ordinance</u>	<u>Amount of Authorization</u>	<u>Prior Debt Issued</u>	<u>Grants Received</u>	<u>Authorized but Unissued</u>
Misc. Bridge Rehab-Parapet, Railing & Concrete Repairs	50,000	-	-	50,000
Sherwood Place Road Reconstruction	100,000	-	-	100,000
Misc. Bridge Rehabilitation	275,000	-	-	275,000
Chapel Roof & Air Handlers	250,000	-	-	250,000
Bunnell High- Sprinkler head replacements	30,000	-	-	30,000
Replacement of Sidewalks, Curbs, Stairs & Loading Docks	25,000	-	-	25,000
Admin BOE & Schools - Resurface Parking Lots	100,000	-	-	100,000
Safety and Security Improvements	1,500,000	-	-	1,500,000
Bunnell High - Connors Ln traffic entrance/egress	65,000	-	-	65,000
BOE - Painting interior & exterior of BOE buildings	150,000	-	-	150,000
General Repairs	100,000	-	-	100,000
Technology Infrastructure	200,000	-	-	200,000
Bunnell High - Accessible seating for stadium	43,000	-	-	43,000
Wilcoxson Elementary - Window replacement	300,000	-	-	300,000
Second Hill Lane - Window replacement	30,000	-	-	30,000
Wilcoxson Elementary - Replacement flooring	425,000	-	-	425,000
Second Hill Lane - Traffic circulation/add'l parking	300,000	-	-	300,000
Franklin Elementary - Elevator	53,000	-	-	53,000
Johnson House - Elevator	175,000	-	-	175,000
Bunnell High - Music dept storage units	66,170	-	-	66,170
Town Buildings - Masonry	25,000	-	-	25,000
Town Hall Improvements	50,000	-	-	50,000
Refurbishment of Clay Courts at Longbrook Park	30,000	-	-	30,000
Open Space Acquisition	50,000	-	-	50,000
Town-wide Fence Installation & Repair	15,000	-	-	15,000
New Post Tension Courts at Flood/Chapel Schools	250,000	-	-	250,000
Stormwater Project Plans & Permit Implementation	25,000	-	-	25,000
Parking Lot Resurfacing	100,000	-	-	100,000
Maintenance Dredging & Removal of Deposited Sediments	65,000	-	-	65,000
Perry House Addition & Barn	100,000	-	-	100,000
Repairs & Maintenance - 4 Firehouses	175,000	-	-	175,000
DPW Complex Repairs	75,000	-	-	75,000
Installation of Picnic Tables, Benches & Garbage Cans	25,000	-	-	25,000
Access Road Paving	150,000	-	-	150,000
Canaan Rd Bridge	100,000	-	-	100,000
Stratford Ave Streetscape	150,000	-	-	150,000
Honeyspot Rd Streetscape/Design	150,000	-	-	150,000
Lordship Blvd Streetscape/Design	10,000	-	-	10,000
Bunnell High - Track	45,000	-	-	45,000
Property Acquisition	680,000	-	-	680,000
Sub-Total FY 2013-14 Capital Bond Ordinance	13,033,670	-	-	13,033,670
Total All Projects	\$ 173,532,906	\$ 65,591,761	\$ 14,590,164	\$ 93,350,981

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Combined Schedule of General and Enterprise Fund Debt through Maturity

As of October 10, 2013 (Pro Forma)

Fiscal Year	Existing Indebtness ⁽¹⁾			Refunded	The Bonds	Principal
	Principal Payments	Interest Payments	Total Debt Service	Bonds Principal	Principal	Principal All Issues
2014 ⁽²⁾	\$ 18,108,866	\$ 5,331,584	\$ 23,440,450	\$ (225,000)	\$ -	\$ 17,883,866
2015	17,771,664	4,619,520	22,391,184	(3,035,000)	-	14,736,664
2016	17,797,091	4,148,057	21,945,149	(3,045,000)	-	14,752,091
2017	17,981,330	3,635,100	21,616,430	(3,050,000)	-	14,931,330
2018	18,231,462	3,059,377	21,290,839	(2,480,000)	-	15,751,462
2019	9,762,504	2,587,640	12,350,145	(585,000)	2,865,000	12,042,504
2020	9,094,476	2,283,366	11,377,842	(585,000)	2,990,000	11,499,476
2021	8,437,396	2,010,647	10,448,043	-	2,520,000	10,957,396
2022	8,091,283	1,758,255	9,849,539	-	2,635,000	10,726,283
2023	8,131,157	1,513,836	9,644,993	-	2,770,000	10,901,157
2024	7,752,038	1,265,647	9,017,685	-	2,880,000	10,632,038
2025	6,828,946	1,043,394	7,872,339	-	-	6,828,946
2026	6,446,901	854,021	7,300,922	-	-	6,446,901
2027	6,019,735	673,627	6,693,362	(1,235,000)	-	4,784,735
2028	5,903,602	499,532	6,403,134	(1,130,000)	-	4,773,602
2029	5,412,560	337,879	5,750,439	(585,000)	-	4,827,560
2030	3,717,945	196,165	3,914,111	(585,000)	-	3,132,945
2031	1,660,000	95,081	1,755,081	(585,000)	-	1,075,000
2032	1,075,000	48,938	1,123,938	-	-	1,075,000
2033	1,050,000	16,406	1,066,406	-	-	1,050,000
	<u>\$179,273,957</u>	<u>\$35,978,072</u>	<u>\$ 215,252,029</u>	<u>\$(17,125,000)</u>	<u>\$ 16,660,000</u>	<u>\$178,808,957</u>

(1) Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees.

(2) Includes principal payments of \$14,028,712 and \$2,136,125 in interest made between July 1, 2013 and October 10, 2013.

Source: Annual audited financial statements.

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Schedule of General Fund Bonded Debt through Maturity

As of October 10, 2013 (Pro Forma)

Fiscal Year	Existing Indebtness (1)			Refunded	The Bonds	Principal
	Principal Payments	Interest Payments	Total Debt Service	Bonds Principal	Principal	Principal All Issues
2014 (2)	\$ 15,655,886	\$ 4,486,616	\$ 20,142,502	\$ (225,000)	\$ -	\$ 15,430,886
2015	15,385,361	3,824,509	19,209,869	(3,035,000)	-	12,350,361
2016	15,501,361	3,400,547	18,901,908	(3,045,000)	-	12,456,361
2017	15,642,361	2,934,933	18,577,294	(3,050,000)	-	12,592,361
2018	15,847,361	2,407,947	18,255,308	(2,480,000)	-	13,367,361
2019	7,332,361	1,986,373	9,318,734	(585,000)	2,865,000	9,612,361
2020	6,617,361	1,733,190	8,350,551	(585,000)	2,990,000	9,022,361
2021	5,912,361	1,512,512	7,424,873	-	2,520,000	8,432,361
2022	5,501,361	1,313,447	6,814,808	-	2,635,000	8,136,361
2023	5,491,361	1,123,661	6,615,022	-	2,770,000	8,261,361
2024	5,062,361	931,683	5,994,044	-	2,880,000	7,942,361
2025	4,086,361	766,073	4,852,433	-	-	4,086,361
2026	3,652,361	633,505	4,285,866	-	-	3,652,361
2027	3,217,037	511,561	3,728,598	(1,235,000)	-	1,982,037
2028	3,131,149	395,407	3,526,556	(1,130,000)	-	2,001,149
2029	2,685,361	289,819	2,975,180	(585,000)	-	2,100,361
2030	2,796,701	192,324	2,989,025	(585,000)	-	2,211,701
2031	1,660,000	95,081	1,755,081	(585,000)	-	1,075,000
2032	1,075,000	48,938	1,123,938	-	-	1,075,000
2033	1,050,000	16,406	1,066,406	-	-	1,050,000
	<u>\$137,303,465</u>	<u>\$ 28,604,531</u>	<u>\$165,907,996</u>	<u>\$ (17,125,000)</u>	<u>\$ 16,660,000</u>	<u>\$136,838,465</u>

(1) Excludes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes \$8,212,115 in bonds issued to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential.

(2) Includes principal payments of \$13,420,000 and \$1,935,399 in interest made between July 1, 2013 and October 10, 2013.

Source: Annual audited financial statements.

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Schedule of WPCA and EMS Enterprise Fund Debt through Maturity

As of October 10, 2013 (Pro Forma)

Fiscal Year	Existing Indebtness (1)		
	Principal Payments	Interest Payments	Total Debt Service
2014	\$ 2,452,980	\$ 844,967	\$ 3,297,948
2015	2,386,303	795,011	3,181,314
2016	2,295,730	747,510	3,043,241
2017	2,338,969	700,167	3,039,136
2018	2,384,101	651,430	3,035,531
2019	2,430,143	601,268	3,031,411
2020	2,477,115	550,176	3,027,291
2021	2,525,035	498,136	3,023,171
2022	2,589,922	444,808	3,034,731
2023	2,639,796	390,174	3,029,971
2024	2,689,677	333,964	3,023,641
2025	2,742,585	277,321	3,019,906
2026	2,794,540	220,516	3,015,056
2027	2,802,698	162,066	2,964,764
2028	2,772,453	104,126	2,876,579
2029	2,727,199	48,060	2,775,258
2030	921,244	3,842	925,086
	<u>\$41,970,492</u>	<u>\$ 7,373,542</u>	<u>\$49,344,034</u>

(1) Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees.

(2) Includes principal payments of \$608,712 and interest payments of \$200,726 made between July 1, 2013 and October 10, 2013.

Source: Annual audited financial statements.

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SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the Notes to Financial Statements, attached hereto as Appendix A.

Basis of Accounting

See Note 1 "Basis of Accounting" in the Notes to Financial Statements, attached hereto as Appendix A.

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town Charter, the Town is obligated to undergo an annual examination of its financial records by an independent certified public accountant. The current auditors, Blum Shapiro LLP were appointed by the Town Council in 2006 and are required to conduct their examination under the guidelines issued by the State of Connecticut Office of Policy and Management, which receives a copy of said Audit Report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2012, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by Blum Shapiro LLP, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Town's Director of Finance.

Certificate of Achievement for Excellence in Financial Reporting: The Town received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial report for fiscal year ending June 30, 2012. This was the 22nd consecutive year that the Town has received this prestigious award. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with generally accepted accounting principles, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Budgetary Procedure

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided under the Town Council which is responsible for approving annual budgets and all other Town appropriations, and determining the tax rate. The annual budget making process for the Town is outlined in Section 6 of the Town Charter. The timetable is established annually but all actions must be completed at least 30 days prior to the beginning of each fiscal year based upon a budget submitted by the Mayor. The budget making process is detailed below:

<u>Date</u>	<u>Action</u>
By February 23	Departments, offices, boards and commissions submit estimates of revenues and expenditures to the Mayor. The Mayor reviews the budget requests together with estimates of revenues and expenditures for the current year with the requesting agency.
By March 12	Estimated revenues and expenditures, including the Board of Education, submitted to the Town Council by the Mayor.
By May 5	The Town Council holds one or more public hearings and makes any changes it believes are needed.
By May 12	The Ordinance Committee adopts a proposed budget and holds one or more public hearings.
By May 12	The Town Council adopts a recommended budget and sets the tax rate for the fiscal year beginning July 1.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Emergency Appropriations

Under the Town Charter, emergency appropriations may be made upon the recommendation of the Mayor and by a vote of not less than two-thirds (2/3), or seven members, of the Town Council, provided that a public hearing is held prior to making such appropriation. The hearing and notice of hearing may be waived if the Town Council, by two-thirds (2/3) of its entire membership, decides that a delay in making the emergency appropriation would jeopardize the peace, health, safety or property of its citizens. In the absence of an available un-appropriated and unencumbered general fund cash balance to meet such appropriation, additional means of financing shall be provided in such a manner, consistent with the provisions of the Connecticut General Statutes, and of the Town Charter, as may be determined by the Town Council.

Employee Pension Systems

The Town is the administrator of a single-employer, defined benefit public employee retirement system ("PERS") which was established by the Town to provide pension benefits for its employees and non-certified employees of the Board of Education. The retirement plan is governed by a thirteen member board composed of seven members appointed by the Town Council and six members from the Town's various union groups (the "Pension Board"). The Town's Director of Finance is the Treasurer of the retirement plan. This plan is now closed to new hires for all bargaining units. As of July 1, 2012, the date of the last actuarial valuation, there were 961 active, disabled, retired or beneficiaries of deceased members covered under this plan.

The certified teaching faculty and administrative personnel of the Board of Education participate in an employee contributory defined benefit plan administered by the Connecticut State Teachers' Retirement Board. The Town does not contribute to the plan nor does it have any legal obligation for benefit payments. Presently, approximately 500 current employees are members of this plan.

Prior to Fiscal Year 1994, the Town's pension funding policy was on a modified pay-as-you-go basis. On May 11, 1998 the Town Council enacted a pension funding bond ordinance (the "1998 Pension Bond Ordinance"). On August 13, 1998 the Town issued \$95,000,000 in Taxable General Obligation Pension Bonds (the "1998 Pension Bond Issue") that fully funded the Town's unfunded pension benefit obligation at that time. The 1998 Pension Bond Issue was issued by the Town in part pursuant to Title 7 of the Connecticut General Statutes, including Sections 7-374b and 7-403a. In 1999, Public Act 99-182 repealed and replaced Section 7-374b of the Connecticut General Statutes and implemented a new section regarding the issuance of municipal pension deficit bonds, and was later codified in Section 7-374c of the Connecticut General Statutes. Notwithstanding the foregoing, the Town's 1998 Pension Bond Issue was not affected by such repeal and is not subject to the requirements of Public Act 99-182, as codified in Section 7-374c of the Connecticut General Statutes.

Bond proceeds derived from the 1998 Pension Bond Issue were deposited into a Retiree Benefits Reserve Fund administered by the Trustee and Investment Advisor of the Town, and overseen by a committee consisting of the Town Manager, the Director of Finance, the Town Treasurer, the Chairman of the Finance Committee of the Town Council, and a designated minority member of the Town Council. Under the terms of the 1998 Pension Bond Ordinance, the Town was authorized to use excess assets from the Retiree Benefits Reserve Fund to pay debt service on the 1998 Pension Bond Issue or to reduce the Town's current annual pension contribution for the succeeding fiscal year. In Fiscal Years 2000, 2001 and 2002, \$9,216,278, \$9,116,513 and \$9,111,838, respectively, of excess Retiree Benefits Reserve Fund assets were used to pay all or a part of the debt service payments on the 1998 Pension Bond Issue. Beginning in Fiscal Year 2002-03, the Town began to budget the debt service payments on the 1998 Pension Bond Issue from the General Fund, and has continued this practice uninterrupted into Fiscal Year 2013. The Town expects to pay all pension debt service from the General Fund in the future.

Under the terms of the 1998 Pension Bond Ordinance authorizing the 1998 Pension Bond Issue, the Town covenanted for the benefit of the holders of the 1998 Pension Bond Issue to appropriate in its annual budget, all of the annual contributions required under the retirement plan for each fiscal year and to fund any future unfunded actuarial accrued liability which may arise. For Fiscal Year 2003, the Town did not budget the required annual contribution from the General Fund, in order to balance Town operations. The Town had prior to Fiscal Year 2003 and has since budgeted such amounts through the tax levy (please see the table herein for actual contributions). Under the terms of the 1998 Pension Bond Ordinance, the Director of Finance is also required to submit, within 30 days of the close of each fiscal year, to the Mayor, the Pension Board and the Town Council an annual report concerning the condition of the Retiree Benefits Reserve Fund, the use of moneys therein to make payments to such fund to eliminate the unfunded actuarial accrued liability, and the amount of any remaining or new unfunded actuarial accrued liability.

The 1998 Pension Bond Ordinance was amended in Fiscal Year 2006 to eliminate the Town's ability to withdraw excess assets from the Retiree Benefits Reserve Fund to fund the debt service on the 1998 Pension Bond Issue. The 1998 Pension Bond Ordinance was again amended in Fiscal Year 2007 to allow the proceeds of the 1998 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 1998 Pension Bond Issue were transferred to the pension trust in Fiscal Year 2007. These changes have had two important positive results. First, by lifting the 40% equity allocation restriction of the 1998 Pension Bond Ordinance, it is expected that the future investment returns are more likely to meet the actuarial assumption for return on investment. Second, the 1998 Pension Obligation Bond proceeds can now be treated as pension assets for the purposes of GASB 25 and GASB 27, since they now reside within the irrevocable trust, whereas they were previously required to be excluded.

In June 2011, the Town refinanced the 1998 Pension Bond Issue at a lower interest rate which resulted in budgetary savings in excess of \$1.1 million per year over the remaining seven years of the bonds. The final maturity of the 1998 Pension Bond Issue was not extended by the refinancing.

Based upon the July 1, 2012 actuarial valuation, which included a decrease in the assumed investment rate of return from 7.75% to 6.75%, the actuarial value of assets and actuarial accrued liabilities for the PERS were as follows:

**Schedule of Funding Progress
(Actuarial Value - In Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2012	\$ 108,730	\$ 292,885	\$ 184,155	37.1% ⁽¹⁾	\$ 22,771	808.7%
July 1, 2011	114,143	259,719	145,576	43.9%	23,552	618.1%
July 1, 2010	116,886	238,530	121,644	49.0%	23,992	507.0%
July 1, 2009	123,652	232,659	109,007	53.1%	24,238	449.7%
July 1, 2008	132,753	225,549	92,796	58.9%	24,002	386.6%
July 1, 2007	136,090	208,935	72,845	65.1%	24,495	297.4%
July 1, 2006	11,053 ⁽²⁾	204,337	193,284	5.4%	24,882	776.8%
July 1, 2005	15,502	195,581	180,079	7.9%	26,482	680.0%
July 1, 2004	20,649	191,851	171,202	10.8%	24,130	709.5%
July 1, 2003	23,498	181,840	158,342	12.9%	24,931	635.1%

(1) In connection with its anticipated issuance of taxable Pension Bonds and the submission of information to the State in accordance with Section 7-374c of the Connecticut General Statutes (see "Future Indebtedness - Pension Bonds" herein) the Town estimated its actuarial funded ratio to be 31.1% as of July 1, 2013 (see page 40).

(2) Excludes proceeds of the Town's 1998 Pension Bond Issue. Starting with the July 1, 2007 valuation, the pension bond proceeds were included in the Actuarial Value of Assets.

Based upon the July 1, 2012 actuarial valuation, the market value of assets and actuarial accrued liabilities for the PERS were as follows:

**Schedule of Funding Progress
(Market Value - In Thousands) ⁽¹⁾**

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2012	\$ 87,184	\$ 292,885	\$ 205,701	29.8%	\$ 22,770	903.4%
July 1, 2011	96,656	259,719	163,063	37.2%	23,552	692.4%
July 1, 2010	83,823	238,530	154,707	35.1%	23,992	644.8%
July 1, 2009	82,322	232,659	150,337	35.4%	24,238	620.3%
July 1, 2008	110,944	225,549	114,605	49.2%	24,002	477.5%
July 1, 2007	125,651	208,935	83,284	60.1%	24,495	340.0%
July 1, 2006	117,617	204,337	86,720	57.6%	24,882	348.5%
July 1, 2005	125,651	195,581	69,930	64.2%	26,482	264.1%
July 1, 2004	117,617	191,850	74,233	61.3%	24,130	307.6%
July 1, 2003	119,684	181,840	62,156	65.8%	24,931	249.3%

(1) Market value of assets includes proceeds of the Town's 1998 Pension Bond Issue.

Due to the recent unprecedented volatility in the capital markets, the market value of the Town's pension assets has declined from approximately \$125.6 million as of July 1, 2007 to approximately \$92.0 million as of July 1, 2013. For valuation purposes, the Town's actuary calculates an Actuarial Value of Assets that smoothes market fluctuations over a five year period. The Town expects that its Actuarial Required Contribution will increase as a result of these market losses and intends to continue its policy of fully funding the Actuarial Required Contribution ("ARC"). The following table represents the relationship between the Actuarial Value and Market Value of assets included in the Plan.

(Thousands)					
Fiscal Year Ending	Actuarial Value of Assets	Market Value of Assets	% of AVA to Market Value	Funded Ratio (Actuarial Value)	Funded Ratio (Market Value)
2014	\$ 108,730	\$ 87,184	124.7%	37.1%	29.8%
2013	114,143	96,656	118.1%	49.0%	37.2%
2012	116,886	83,823	139.4%	44.0%	35.1%
2011	123,652	82,322	150.2%	53.2%	35.4%
2010	132,753	110,944	119.7%	58.9%	49.2%
2009	136,090	125,651	108.3%	65.1%	60.1%
2008	11,053 ⁽¹⁾	117,617	9.4%	5.4%	57.6%
2007	15,502	125,651	12.3%	7.9%	64.2%
2006	20,649	117,617	17.6%	10.8%	61.3%
2005	23,498	119,684	19.6%	12.9%	65.8%

(1) Excludes proceeds of the Town's 1998 Pension Bond issue. Starting with the July 1, 2007 valuation, the pension bond proceeds were included in the Actuarial Value of Assets.

The following table represents recent funding trends for the Town's pension plans. Actual contributions include amounts from the General Fund, Water Pollution Control Authority Fund and Short Beach Golf Course Fund.

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2014	\$ 12,720,477	\$ 2,209,373 ⁽¹⁾	17.4 %
2013	10,264,676	9,778,500 ⁽²⁾	95.3 %
2012	8,521,128	8,493,774	99.7 %
2011	8,526,398	8,526,398	100.0 %
2010	7,233,452	7,233,452	100.0 %

(1) Adopted Budget. Represents normal cost plus expenses and assumes the issuance of approximately \$161 million of pension bonds and the subsequent deposit of bond proceeds with the Plan during Fiscal Year 2013-14. See "Future Indebtedness – Pension Bonds" herein.

(2) Unaudited estimate.

The Town is expecting to issue approximately \$161,000,000 in taxable general obligation Pension Bonds within the next 30 to 60 days to fund a portion of the unfunded actuarial accrued liability of its retirement plan thereby increasing the plan's funded ratio to eighty-five percent (85%). A bond ordinance authorizing the issuance of up to \$220,000,000 in Pension Bonds was approved by the Town Council on May 13, 2013. Pursuant to Section 7-374c of the Connecticut General Statutes (the "Pension Bond Statute"), the Town has provided written notification to the Secretary and Treasurer of its intent to issue the Pension Bonds. The Secretary and Treasurer do not have the power to approve or disapprove a municipality's proposed issuance of Pension Bonds. On August 30, 2013 the Town received a written letter of review from the Secretary and Treasurer documenting that the Town had satisfied the notification and information requirements of the Statute. (See "Future Indebtedness – Pension Bonds" herein.)

In connection with the Town's notice to the Secretary and Treasurer, the Town's pension actuary performed an estimate of the funding status of the PERS. The projection was based on the actuarial assumptions and data used in the July 1, 2012 valuation and was adjusted to reflect actual investment results through June 1, 2013. The projection assumed that the plan assets will return the indicated return on a market value basis, and there are no future changes in the actuarial methods, assumptions or plan provisions. The actuary estimated that as of July 1, 2013 the actuarial accrued liability was approximately \$296 million, the Market Value of assets was approximately \$92 million and the unfunded actuarial accrued liability was approximately \$204 million resulting in a funded ratio of 31.1%.

The following table represents a prospective forecast of the Plan's accrued liability and corresponding ARC based on the July 1, 2012 valuation and assumes (i) that the Town will issue approximately \$161 million in pension bonds during fiscal year 2013-14 to increase the Plan's funded ratio to approximately 85%; (ii) that the Town will pay the ARC each year; (iii) that assets will return 6.75% on a market value basis; (iv) that payroll will grow by 4% annually; and (v) that there are no future changes in the actuarial methods, assumption or plan provisions.

Fiscal Year Ending	Actuarial Required Contribution	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2013	\$10,264,676	\$ 114,143,029	\$ 259,719,466	\$ 145,576,437	43.9%
2014	12,720,477	108,730,191	292,886,000	184,155,809	37.1%
2015	4,781,000	252,000,000	296,339,000	44,339,000	85.0%
2016	4,973,000	252,494,000	299,249,000	46,755,000	84.4%
2017	5,039,000	255,124,000	301,702,000	46,578,000	84.6%
2018	5,132,000	257,729,000	303,769,000	46,040,000	84.8%
2019	5,236,000	260,107,000	305,544,000	45,437,000	85.1%
2020	5,307,000	262,301,000	307,099,000	44,798,000	85.4%
2021	5,356,000	264,333,000	308,208,000	43,875,000	85.8%
2022	5,419,000	266,230,000	308,991,000	42,761,000	86.2%
2023	5,468,000	268,017,000	309,495,000	41,478,000	86.6%

The Town is also the administrator of two defined contribution ("DC") retirement plans for employees. The first DC plan which was created for employees hired on or after their 45th birthday is now closed. The second DC plan was established for new employees hired after September 1999 for all bargaining units no longer eligible for the Town's Plan. The DC plans are administered by the Town's Human Resources Department. There are currently 156 members covered under the second DC plan. The following tables represent the Town's historic and projected contributions to the DC plans:

Schedule of Employer Contributions - Historic

Fiscal Year	Town Contribution
2014 (1)	\$ 1,100,000
2013 (2)	940,000
2012	725,649
2011	687,164
2010	700,390

- (1) Adopted Budget.
- (2) Unaudited estimate.

Schedule of Employer Contributions - Prospective

Fiscal Year	Town Contribution
2015	\$ 1,133,000
2016	1,167,000
2017	1,202,000
2018	1,238,000
2019	1,275,000
2020	1,313,000
2021	1,352,000
2022	1,393,000
2023	1,435,000
2024	1,478,000

See Appendix A, "Audited Financial Statements", for additional information concerning the Town's retirement plans.

Other Post Employment Benefits ("OPEB")

The Town provides certain health care and life insurance benefits, in accordance with union contracts, to all Town employees who retire. Certain employees of the Board of Education receive post-employment benefits depending upon their particular bargaining unit. Benefits for retirees (including the Board of Education) have traditionally been funded by the Town on a “pay-as-you-go” basis. The Town also pays benefits under the Heart and Hypertension Act to retirees whose disabilities are claimed to be job related.

The Town has retained the firm Milliman Inc. to perform an actuarial valuation to determine the Town's liability for post-employment benefits. The most recent valuation was effective July 1, 2010 and the following reflects the assumptions and results of the actuarial report:

Schedule of Funding Progress

Town

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2010	\$ 630,000	\$67,290,000 (1)	\$ 66,660,000	0.9%	N/A	N/A
July 1, 2008	-	58,760,000 (2)	58,760,000	0.0%	N/A	N/A
July 1, 2007	-	55,487,000 (2)	55,487,000	0.0%	N/A	N/A

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2010	\$ 287,000	\$44,046,000 (1)	\$ 43,759,000	0.7%	N/A	N/A
July 1, 2008	-	63,155,000 (3)	63,155,000	0.0%	N/A	N/A
July 1, 2007	-	42,560,000 (2)	42,560,000	0.0%	N/A	N/A

- (1) Assumes a 7.75% discount rate based on the establishment of an irrevocable trust.
- (2) Assumes a 8.25% discount rate based on the expectation of the establishment of an irrevocable trust.
- (3) Assumes a 4.00% discount rate based on the absence of an irrevocable trust.

The Town now performs its actuarial valuations of post-employment benefits on a bi-annual basis. The Town has recently established an irrevocable trust for its OPEB plan assets with the long-term goal of amortizing its OPEB actuarial accrued liability. This figure is in addition to the amount that will be needed to pay current retirement claims. The following represents a trend of the Town's Employer Contributions for OPEB:

Schedule of Employer Contributions

Town

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2014	\$ 7,540,900	\$ 3,794,300 (1)	50.3%
2013	6,965,000	3,927,300 (2)	56.4%
2012	6,511,300	3,516,400	54.0%
2011	9,171,800	3,265,600	35.6%
2010	8,617,400	3,113,100	36.1%
2009	5,164,000	2,875,200	55.7%

- (1) Adopted Budget.
- (2) Unaudited estimate.

Board of Education

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2014	\$ 5,019,300	\$ 3,044,900 (1)	60.7%
2013	4,678,400	3,084,700 (2)	65.9%
2012	4,390,000	3,002,000	68.4%
2011	5,749,000	2,074,200	36.1%
2010	5,404,400	2,019,400	37.4%
2009	5,083,500	1,882,800	37.0%

(1) Adopted budget.

(2) Unaudited estimate.

Investment Policies and Practices

Under the Town Charter and under Connecticut General Statutes Section 7-400, as amended, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town's investment practices have been to invest only in certificates of deposit, repurchase agreements, the State of Connecticut Short-Term Investment Fund (STIF) and Cutwater Asset Management Class Investment Fund. The Town does not invest in derivative products. The Town Treasurer has followed these investment practices and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) the State of Connecticut STIF; (2) overnight repurchase agreements with TD Bank collateralized by U.S. government agency obligations such as the Federal Home Loan Mortgage Corporation which are valued daily; (3) overnight U. S. Treasury obligations; and (4) Flexible (90 day to 1 year) Certificates of Deposit.

All Town pension funds are invested in mutual funds and securities by pension fund administrators. The Town's Pension Board recently updated its investment policy in anticipation of the proceeds from the issuance of the proposed Taxable General Obligation Pension Bonds. Board of Education pension funds for administrators and teachers are invested in a cost sharing, multiple employer public employees retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities. For further description of the Town's Pension Plans, see Note 9 to the Town's audited financial statements in Appendix A hereof.

Assessment Practices

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town on October 1, in accordance with Section 12-62a of the Connecticut General Statutes. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70% of the estimated market value at the time of the last revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. Upon issuance of a certificate of completion, a physical appraisal is then completed and the structure classified and priced with the aid of a schedule developed at the time of the last revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Office of Policy and Management.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles and leased equipment) is assessed annually with manufacturers and businesses completing and returning to the Assessor's Office

standard worksheets for computing value. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70% of present market value.

The Town completed a physical revaluation for the October 1, 2009 grand list which was effective for Fiscal Year 2011. The Town had previously performed a revaluation in 2004 which was effective for Fiscal Year 2006. Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation of its real property every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than 10 years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Town will be conducting a statistical revaluation of the October 1, 2014 grand list.

Tax Collection Procedures

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent and interest will accrue at the rate of 1.5% per month (18% per annum). Outstanding real estate tax accounts are automatically lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

Real Property Tax Levies and Collections

FY Ending 30-Jun	Net Taxable Grand List	Total Tax Rate (In Mills)	Adjusted Tax Levy	Collected	Uncollected Taxes	
				End of Each FY	Each FY	As of 6/30/2012
2014 (1)	\$4,531,453,688	34.64	\$156,969,556	n/a	n/a	n/a
2013	4,525,015,543	34.48	155,886,467	n/a	n/a	n/a
2012	4,515,905,062	34.15	152,921,577	98.4 %	\$2,694,128	\$2,694,128
2011 (2)	4,568,144,270	33.32	150,248,842	97.7	3,450,663	784,476
2010	4,626,511,926	30.36	136,188,252	97.9	2,988,191	602,436
2009	4,569,672,962	30.51	137,961,016	98.2	2,466,479	14,974
2008	4,527,727,549	30.12	134,121,083	98.2	2,060,481	(1,390)
2007	4,553,349,527	28.86	129,886,426	98.4	2,002,131	5,658
2006 (2)	4,482,741,678	26.98	119,631,515	98.3	2,900,905	20,640
2005	3,166,601,835	36.99	118,365,972	97.5	2,691,701	28,454

- (1) Adopted Budget.
- (2) Year of revaluation.

Sources: Annual audited financial statements; Fiscal Year s 2013 and 2014 Adopted Budgets.

Taxable Grand List

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/1/12	\$ 3,996,499,730	\$459,170,270	\$314,680,673	\$4,770,350,673	\$238,896,985	\$4,531,453,688
10/1/11	3,991,890,875	453,255,181	320,711,877	4,765,857,933	240,842,390	4,525,015,543
10/1/10	3,995,478,620	443,205,917	301,629,984	4,740,314,521	224,409,459	4,515,905,062
10/1/09 (1)	4,028,762,000	442,020,855	291,330,813	4,762,113,668	193,969,398	4,568,144,270
10/1/08	4,108,955,580	387,991,918	292,972,012	4,789,919,510	163,407,584	4,626,511,926
10/1/07	4,072,764,410	324,756,097	304,304,344	4,701,824,851	132,151,889	4,569,672,962
10/1/06	4,041,012,750	296,791,402	294,589,563	4,632,393,715	104,666,166	4,527,727,549
10/1/05	4,025,868,280	304,277,198	293,961,513	4,624,106,991	70,757,464	4,553,349,527
10/1/04 (1)	4,321,547,220	312,927,968	278,500,870	4,912,976,058	430,234,380	4,482,741,678
10/1/03	2,702,118,510	284,056,665	259,928,790	3,246,103,965	79,502,130	3,166,601,835

- (1) Year of revaluation.

The following table sets forth the Real Property portion of the Town's grand list by component:

Grand List Dated	Residential Property	Commercial/Industrial Property	Total Other Land	Total Real Property
10/1/12	\$ 3,159,542,640	\$768,877,270	\$ 68,079,820	\$3,996,499,730
10/1/11	3,149,529,830	777,220,780	65,140,265	3,991,890,875
10/1/10	3,140,283,790	785,770,200	69,424,630	3,995,478,620
10/1/09 (1)	3,132,518,520	823,999,140	72,244,340	4,028,762,000
10/1/08	3,366,615,870	687,649,290	54,690,420	4,108,955,580
10/1/07	3,346,272,230	669,689,260	56,802,920	4,072,764,410
10/1/06	3,323,222,300	650,204,740	67,585,710	4,041,012,750
10/1/05	3,308,500,650	653,674,920	63,692,710	4,025,868,280
10/1/04 (1)	3,609,325,020	614,535,100	97,687,100	4,321,547,220
10/1/03	2,119,467,770	546,742,210	35,908,530	2,702,118,510

(1) Year of revaluation.

Source: Town of Stratford Assessor's Office.

Largest Taxpayers

Business-Name	Nature of Business	Total Estimated Assessment	Estimated Taxes Payable
Sikorsky Aircraft	Helicopters	\$ 95,048,710	\$ 3,292,487
United Illuminating Co.	Utility	74,923,220	2,595,340
Stonybrook Gardens Co-op, Inc.	Apartment Co-op	24,493,420	848,452
Southern Connecticut Gas	Real Estate	19,835,720	687,109
Second Avenue Development	Utility	18,006,940	623,760
UB Dockside LLC	Real Estate	16,570,260	573,994
Kramont Operating Partnership LP	Real Estate	14,000,000	484,960
Home Depot USA Inc.	Real Estate	13,752,200	476,376
Merritt 8 Owner LLC	Real Estate	13,650,000	472,836
UB Railside LLC	Real Estate	13,519,730	468,323
Wal-Mart Real Estate Business Trust	Real Estate	12,530,000	434,039
	Total	\$ 316,330,200 (1)	\$ 10,957,678 (2)

(1) Represents 7.0% of the net taxable grand list of \$4,531,453,688 as of 10/1/12.

(2) Represents 7.0% of the tax levy of \$156,969,556 for Fiscal Year 2013-14.

Source: Town of Stratford Assessor's Office.

Property Tax Revenues

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax Revenues as a % General Fund Revenues
2013-14 (1)	\$ 192,615,491	\$ 156,985,190	81.5%
2012-13 (2)	192,187,475	154,052,416	80.2%
2011-12	197,726,616	152,926,235	77.3%
2010-11	189,575,934	150,267,375	79.3%
2009-10	179,289,910	140,803,581	78.5%
2008-09	182,651,151	139,314,290	76.3%
2007-08	173,274,606	135,666,547	78.3%
2006-07	170,775,083	131,728,690	77.1%
2005-06	159,438,873	121,671,365	76.3%
2004-05	153,846,545	118,879,157	77.3%

- (1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual audited financial statements; Fiscal Year 2013 unaudited estimate; and Fiscal Year 2014 Adopted Budget.

Intergovernmental Revenues

Fiscal Year	General Fund Revenues	Federal and State Aid	Aid as a Percentage Of General Fund Revenue
2014 (1)	\$ 192,615,491	\$ 27,881,890	14.5%
2013 (2)	192,187,475	31,604,145	16.4%
2012	197,726,616	36,862,714	18.6%
2011	189,575,934	32,147,909	17.0%
2010	179,289,910	32,138,236	17.9%
2009	182,651,151	35,293,644	19.3%
2008 (3)	206,777,211	62,597,178	30.3%
2007	170,775,083	30,242,213	17.7%
2006	159,438,873	30,270,697	19.0%
2005	153,846,545	27,356,971	17.8%
2004	146,608,044	27,215,539	18.6%

- (1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (3) Includes \$33,443,791 on-behalf of payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were significantly larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Sources: Annual audited financial statements; Fiscal Year 2013 unaudited estimate; and Fiscal Year 2014 Adopted Budget.

Expenditures

<u>Fiscal</u>	<u>Education</u>	<u>Public Safety</u>	<u>Employee Benefits</u>	<u>Debt Service</u>	<u>Physical Development</u>
2014 (1)	49.59 %	11.58 %	13.47 %	11.01 %	6.69 %
2013 (2)	48.80	11.62	14.01	9.97	7.94
2012	52.80	11.52	13.36	8.88	5.91
2011	49.14	11.71	13.91	11.13	6.45
2010	51.55	11.78	11.66	10.78	6.46
2009	50.14	11.70	10.88	10.87	7.11
2008	56.61 (3)	10.68	9.07	10.81	6.16
2007	50.20	12.44	9.74	12.61	6.95
2006	50.58	12.14	9.70	12.36	6.77
2005	47.18	11.91	9.13	13.52	6.74

- (1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (3) Includes \$33,443,791 on-behalf of payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were significantly larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Sources: Annual audited financial statements; Fiscal Year 2013 unaudited estimate; and Fiscal Year 2014 Adopted Budget.

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Comparative General Fund Operating Statement – FY 2011-12

Budget and Actual (Budgetary Basis)

	Fiscal Year 2011-12		
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)
REVENUES			
Property taxes, interest and liens	\$152,738,063	\$152,926,235	\$ 188,172
Intergovernmental revenue	27,864,256	27,461,518	(402,738)
Departmental revenues	1,934,194	2,027,336	93,142
Licenses, fees and permits	373,700	379,685	5,985
Investment Income	220,000	62,263	(157,737)
Other revenues	4,553,378	5,440,610	887,232
TOTAL REVENUES	\$187,683,591	188,297,647	614,056
EXPENDITURES			
Current:			
Administration	\$ 4,410,901	4,475,990	(65,089)
Contingency	2,816,721	3,030,673	(213,952)
Employee Benefits	26,366,283	26,010,355	355,928
Finance	2,096,712	2,114,587	(17,875)
Human Development	5,131,185	5,063,945	67,240
Physical Development	12,199,266	11,505,682	693,584
Public Safety	21,158,187	22,159,252	(1,001,065)
Education	93,402,182	93,379,331	22,851
Debt Service	18,864,267	17,135,935	1,728,332
TOTAL EXPENDITURES	186,445,704	184,875,750	1,569,954
Excess (deficiency) of revenues over expenditures	1,237,887	3,421,897	2,184,010
Other financing sources (uses):			
Operating transfers in	855,000	700,000	(155,000)
Operating transfers out	(2,092,887)	(1,391,114)	701,773
Total Other financing sources (uses)	(1,237,887)	(691,114)	546,773
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,730,783	\$ 2,730,783

Sources: Audited financial statements.

Comparative General Fund Operating Statement – FY 2012-13 and FY 2013-14
 Budget and Actual (Budgetary Basis)

	<u>Fiscal Year 2012-13</u>			<u>Fiscal Year</u>
	<u>Revised</u>	<u>Unaudited</u>	<u>Variance</u>	<u>2013-14</u>
	<u>Budget</u>	<u>Estimate</u>	<u>Favorable</u>	<u>Adopted</u>
			<u>(Unfavorable)</u>	<u>Budget</u>
REVENUES				
Property taxes, interest and liens	\$154,894,511	\$154,052,416	\$ (842,095)	\$156,985,190
Intergovernmental revenue	27,837,648	31,604,145	3,766,497	27,881,890
Departmental revenues	1,950,050	2,281,296	331,246	2,258,450
Licenses, fees and permits	439,550	593,753	154,203	538,550
Investment Income	60,000	41,670	(18,330)	60,000
Other revenues	<u>4,979,882</u>	<u>5,064,197</u>	<u>84,315</u>	<u>4,891,411</u>
TOTAL REVENUES	<u>\$190,161,641</u>	<u>193,637,478</u>	<u>3,475,837</u>	<u>\$192,615,491</u>
EXPENDITURES				
Current:				
Administration	\$ 4,751,104	4,565,668	185,436	\$ 4,743,679
Contingency	2,959,767	2,886,389	73,378	2,758,515
Employee Benefits	27,196,768	26,980,085	216,683	25,952,475
Finance	1,586,927	1,545,884	41,043	1,661,203
Human Development	5,443,709	5,391,179	52,530	5,569,511
Physical Development	11,935,212	15,302,554	(3,367,342)	12,885,457
Public Safety	21,584,909	22,383,937	(799,028)	22,313,209
Education	93,992,529	93,992,529	-	95,517,529
Debt Service	<u>19,279,871</u>	<u>19,208,198</u>	<u>71,673</u>	<u>21,213,913</u>
TOTAL EXPENDITURES	<u>188,730,796</u>	<u>192,256,423</u>	<u>(3,525,627)</u>	<u>\$192,615,491</u>
Excess (deficiency) of revenues over expenditures	<u>1,430,845</u>	<u>1,381,055</u>	<u>(49,790)</u>	
Other financing sources (uses):				
Operating transfers in	700,000	700,000	-	
Operating transfers out	<u>(2,130,845)</u>	<u>(1,742,620)</u>	<u>388,225</u>	
Total Other financing sources (uses)	<u>(1,430,845)</u>	<u>(1,042,620)</u>	<u>388,225</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 338,435</u>	<u>\$ 338,435</u>	

Sources: Fiscal Year 2013 unaudited estimate and Fiscal Year 2014 Adopted Budget.

Comparative Balance Sheets - General Fund

Fiscal Year Ended:	2008	2009	2010	2011	2012
ASSETS					
Cash and cash equivalents	\$ 17,223,935	\$ 25,402,464	\$ 20,158,760	\$ 16,917,401	\$ 3,726,393
Investments	-	-	-	-	-
Receivables, net	9,201,515	8,860,888	8,870,481	8,810,656	7,822,638
Due from other funds	1,559,464	5,203,939	16,405,179	27,984,816	44,941,165
TOTAL ASSETS	\$ 27,984,914	\$ 39,467,291	\$ 45,434,420	\$ 53,712,873	\$ 56,490,196
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,325,178	\$ 6,984,671	\$ 4,152,530	\$ 5,140,704	\$ 3,639,950
Accrued Liabilities	935,936	1,114,146	1,250,078	1,345,807	904,171
Deferred revenue	3,913,469	7,558,609	7,440,356	7,410,629	5,816,019
Due to other funds	8,121,210	13,008,140	24,093,051	31,232,370	35,055,614
TOTAL LIABILITIES	16,295,793	28,665,566	36,936,015	45,129,510	45,415,754
FUND BALANCES					
Reserved for encumbrances	3,468,681	2,363,395	1,894,467	-	-
Unreserved	8,220,440	8,438,330	6,603,938	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	2,322,228	2,284,297
Unassigned	-	-	-	6,261,135	8,790,145
TOTAL FUND BALANCES	11,689,121	10,801,725	8,498,405	8,583,363	11,074,442
TOTAL LIABILITIES AND BALANCES	\$ 27,984,914	\$ 39,467,291	\$ 45,434,420	\$ 53,712,873	\$ 56,490,196

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Year Ended:	2008	2009	2010	2011	2012
REVENUES					
Property taxes	\$135,666,547	\$139,314,290	\$140,403,581	\$150,267,375	\$152,926,235
State and Federal Governments	62,597,178	35,293,644	32,138,236	32,147,909	36,862,714
Departmental revenues	2,270,095	1,830,034	2,045,695	2,066,057	2,027,336
Liscenses and permits	428,323	378,108	331,461	522,586	407,444
Investment income	1,410,334	1,181,254	134,234	100,836	62,277
Other revenues	4,404,734	4,653,821	4,236,703	4,471,171	5,440,610
TOTAL REVENUES	\$206,777,211	\$182,651,151	\$179,289,910	\$189,575,934	\$197,726,616
EXPENDITURES					
Current:					
Administration	4,207,322	4,368,603	4,534,017	4,354,362	4,421,296
Contingency	2,544,946	2,137,492	2,256,000	2,087,029	3,030,673
Employee Benefits	18,521,699	19,096,291	21,169,167	25,323,646	26,010,356
Finance	1,825,218	1,969,237	1,889,639	2,014,718	2,114,586
Human Development	5,002,603	5,327,827	5,406,741	5,146,881	5,078,378
Physical Development	12,584,468	13,192,302	11,736,643	11,893,243	11,505,682
Public Safety	21,810,317	21,779,680	21,398,921	22,328,523	22,438,879
Education	115,569,201	95,522,351	93,610,201	96,787,391	102,808,638
Debt service	22,075,206	18,731,130	19,583,255	19,348,995	17,297,140
TOTAL EXPENDITURES	204,140,980	182,124,913	181,584,584	189,284,788	194,705,628
Excess (deficiency) of revenues over expenditures	2,636,231	526,238	(2,294,674)	291,146	3,020,988
Other financing sources (uses):					
Proceeds from bond refunding	-	-	21,825,000	65,572,343	18,062,000
Premium on bond refunding	-	-	1,262,275	935,117	1,423,580
Payment to bond escrow agent	-	-	(22,905,606)	(66,087,648)	(19,324,375)
Operating transfers in	583,353	688,271	1,198,382	822,635	700,000
Operating transfers (out)	(1,375,019)	(2,101,905)	(1,388,697)	(1,579,768)	(1,391,114)
Total other financing sources (uses)	<u>(791,666)</u>	<u>(1,413,634)</u>	<u>(8,646)</u>	<u>(337,321)</u>	<u>(529,909)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,844,565	(887,396)	(2,303,320)	(46,175)	2,491,079
Fund Balance - July 1	<u>9,844,556</u>	<u>11,689,121</u>	<u>10,801,725</u>	<u>8,629,538</u> (1)	<u>8,583,363</u>
Fund Balance - June 30	<u>\$ 11,689,121</u>	<u>\$ 10,801,725</u>	<u>\$ 8,498,405</u>	<u>\$ 8,583,363</u>	<u>\$ 11,074,442</u>

(1) Restated.

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town, its officers, employees, boards and commissions are defendants in various lawsuits. The Town Attorney is of the opinion that all pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Availability of Continuing Disclosure Information

In accordance with State law, the Town provides or causes to be provided annual audited financial statements and operating statements and files such annual audits with the State of Connecticut Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide 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.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events with respect to the Bonds within 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement. The Underwriter's obligation to purchase the Bonds shall be conditional upon receiving, at or prior to delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of certain events pursuant to Rule 15c2-12(b)(5). Within the last five years, the Town has not failed to meet any of its undertakings under such agreements, except for the inadvertent failure to file a Material Event Notice for a rating change on the Town's 2008 issue resulting from the November 12, 2009 downgrade to Assured Guaranty Corp., the bond insurer on that issue. When it was brought to the Town's attention in August 2013 that it had failed to file a Material Event Notice for the November 2009 rating change, the Town promptly filed a notice on August 21, 2013. Prior to that, the Town had filed Material Event Notices for rating changes on the 2008 issue on May 13, 2010; November 2, 2010; June 1, 2011; and December 9, 2011.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC, of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor does it assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities.

Documents Accompanying Delivery of the Bonds

Upon delivery of the Bonds, the Underwriter will be furnished the following:

1. A Signature and No Litigation certificate stating that at the time of delivery no litigation is pending or threatened effecting the validity of the Bonds or the levy or collection of taxes to pay debt service on the Bonds;
2. Certificates on behalf of the Town, signed by the Mayor and the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that at the time of the execution of the Bond Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;

3. Receipt for the purchase prices of the Bonds;
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford in substantially the form of Appendix B, attached hereto;
5. Executed Continuing Disclosure Agreement for the Bonds in substantially the form of Appendix C, attached hereto; and
6. Any other documents required by the Bond Purchase Agreement.

The Town has prepared an Official Statement for the Bonds which is dated September 26, 2013. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the signing of the Bond Purchase Agreement. Additional copies may be obtained by the Underwriter at their own expense by arrangement with the printer.

Additional Information

Additional information may be obtained upon request from the Director of Finance at (203) 385-4040 or from Independent Bond and Investment Consultants LLC at (203) 245-9603.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose. This Official Statement has been duly authorized and approved by the Town and duly executed and delivered on its behalf by the Town.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

TOWN OF STRATFORD, CONNECTICUT

BY: /s/ JOHN A. HARKINS
JOHN A. HARKINS
Mayor

BY: /s/ SUSAN COLLIER
SUSAN COLLIER
Director of Finance

Dated: September 26, 2013

APPENDIX A - AUDITED FINANCIAL STATEMENTS

TABLE OF CONTENTS

JUNE 30, 2012

	<u>Page</u>
Independent Auditors' Report	A-1
Management Discussion and Analysis	A-3
 <i>Exhibit: Basic Financial Statements:</i>	
<i>Government-wide Financial Statements</i>	
I Statement of Net Assets	A-12
II Statement of Activities	A-13
 <i>Fund Financial Statements</i>	
III Government Funds – Balance Sheet	A-14
IV Government Funds – Statement of Revenues, Expenditures and Changes in Fund Balance	A-16
V Proprietary Funds – Statement of Net Assets	A-18
VI Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets	A-19
VII Proprietary Funds – Statement of Cash Flows	A-20
VIII Fiduciary Funds – Statement of Fiduciary Net Assets	A-21
IX Fiduciary Funds – Statement of Changes in Plan Net Assets Pension Trust Funds	A-22
Notes to General Purpose Financial Statements	A-23
RSI-1 Schedule of Revenues and Other Financing Sources – Budget and Actual	A-53
RSI-2 Schedule of Expenditures and Other Financing Uses - Budget and Actual	A-56

Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Stratford for the Fiscal Year ending June 30, 2012 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Stratford, Connecticut.



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. 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-11 and the budgetary comparison information on pages A-55 through A-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.

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)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
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)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
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)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
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
Total	\$ 145,404	\$ 133,811	\$ 64,483	\$ 67,735	\$ 209,887	\$ 201,546

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. 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	<u>116,741,225</u>	<u>64,382,161</u>	<u>181,123,386</u>
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	<u>174,319,620</u>	<u>42,428,940</u>	<u>216,748,560</u>
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	<u>(47,371,246)</u>	<u>6,614,781</u>	<u>(40,756,465)</u>
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>
ASSETS				
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>
LIABILITIES AND FUND BALANCES				
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
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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><u>12,782,590</u></u>
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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

Change in Net Assets of Governmental Activities (Exhibit II)

\$ <u>7,072,319</u>

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

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 & 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:

	Transfers In			
	<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>
Total	<u>\$ 700,000</u>	<u>\$ 1,240,647</u>	<u>\$ 150,467</u>	<u>\$ 2,091,114</u>

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>
Governmental Activities Long-Term Liabilities	<u>\$ 190,508,707</u>	<u>\$ 36,599,592</u>	<u>\$ 34,374,891</u>	<u>\$ 192,733,408</u>	<u>\$ 18,413,788</u>
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>
Business-Type Activities Long-Term Liabilities	<u>\$ 47,425,699</u>	<u>\$ 594,734</u>	<u>\$ 3,042,618</u>	<u>\$ 44,977,815</u>	<u>\$ 2,548,875</u>

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/>

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
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

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
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)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
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.

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
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	-

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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	\$ <u>2,092,887</u>	\$ <u>2,092,887</u>	\$ <u>1,391,114</u>	\$ <u>701,773</u>
Total	\$ <u>188,538,591</u>	\$ <u>188,538,591</u>	186,266,864	\$ <u>2,271,727</u>

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

279,627Total 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

APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL

**FORM OF OPINION OF BOND COUNSEL
TOWN OF STRATFORD, CONNECTICUT
\$16,660,000 GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2013**

October 10, 2013

Town of Stratford
Stratford Town Hall
2725 Main Street
Stratford, Connecticut 06615

We have acted as Bond Counsel to the Town of Stratford, Connecticut (the "Town") in connection with the issuance by the Town of its \$16,660,000 General Obligation Refunding Bonds, Issue of 2013, dated October 10, 2013 (the "Bonds"). In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated October 10, 2013 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

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

In our opinion, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated September 26, 2013 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE TOWN OF STRATFORD, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$16,660,000 Town of Stratford, Connecticut
General Obligation Refunding Bonds, Issue of 2013**

This Continuing Disclosure Agreement (“Agreement”) is made as of October 10, 2013, by the Town of Stratford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$16,660,000 General Obligation Refunding Bonds, Issue of 2013, dated October 10, 2013 (the “Bonds”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated September 26, 2013 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Stratford Town Hall, 2725 Main Street, Stratford, Connecticut 06615. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF STRATFORD, CONNECTICUT

By: _____
John A. Harkins, Mayor

By: _____
Susan Collier, Director of Finance