

OFFICIAL STATEMENT

NEW MONEY ISSUE –Book Entry Only

RATINGS: (See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and rendered in reliance upon and assuming the material 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"), interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excludable from amounts on which the net Connecticut minimum tax is based for 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

\$21,475,000

GENERAL OBLIGATION BONDS, ISSUE OF 2012

Dated: Date of Delivery

Due: August 15, 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).

Interest on the Bonds will be payable on February 15 and August 15 in each year until maturity, commencing August 15, 2013. The Bonds will bear interest at the rate per annum and will mature on August 15 of the years and in the amounts set forth in the tables on the cover of this Official Statement. 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 subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein).

The 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>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2013	\$1,075,000	2.000 %	0.380 %	862811Y75	2023	\$1,075,000	2.250 %	2.400 %	862811Z90
2014	1,075,000	3.000	0.550	862811Y83	2024	1,075,000	2.500	2.550	8628112A3
2015	1,075,000	3.000	0.720	862811Y91	2025	1,075,000	2.625	2.680	8628112B1
2016	1,075,000	4.000	0.770	862811Z25	2026	1,075,000	3.000	2.800 *	8628112C9
2017	1,075,000	5.000	1.000	862811Z33	2027	1,075,000	3.000	2.880 *	8628112D7
2018	1,075,000	3.000	1.300 *	862811Z41	2028	1,075,000	3.000	3.000	8628112E5
2019	1,075,000	2.000	1.600 *	862811Z58	2029	1,075,000	3.000	3.050	8628112F2
2020	1,075,000	2.000	1.850 *	862811Z66	2030	1,075,000	3.000	3.100	8628112G0
2021	1,075,000	2.000	2.050	862811Z74	2031	1,075,000	3.000	3.150	8628112H8
2022	1,075,000	2.250	2.250	862811Z82	2032	1,050,000	3.125	3.200	8628112J4

* - Priced assuming redemption on August 15, 2017 however any such redemption is at the option of the Town (see "Optional Redemption" herein).

UBS Financial Services

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. It is expected that delivery of the Bond in book-entry-only form will be made through the facilities of DTC on or about August 30, 2012.

Dated: August 14, 2012

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. 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.

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 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.

BOND COUNSEL

PULLMAN & COMLEY, LLC

Bridgeport and Hartford, Connecticut
(203) 330-2000

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC (IBIC)**

Madison, Connecticut
(203) 245-8715

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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

- Date of Sale:** Tuesday, August 14, 2014 at 11:00 A.M. (E.D.T.).
- Location of Sale:** Office of the Director of Finance, Town Hall, 2725 Main Street, Stratford, Connecticut 06615.
- Issuer:** Town of Stratford, Connecticut (the "Town").
- Issue:** \$21,475,000 General Obligation Bonds, Issue of 2012 (the "Bonds").
- Dated Date:** August 30, 2012.
- Interest Due:** February 15 and August 15 in each year until maturity, commencing August 15, 2013.
- Principal Due:** Serially August 15, 2013 - 2032.
- Purpose and Authority:** The Bonds are being issued to finance capital improvement projects to be undertaken by the Town which were authorized by ordinances duly adopted by the Town Council. (See "Authorization and Purpose" herein).
- Redemption:** The Bonds are subject to redemption prior to maturity as more fully described herein.
- Security:** The Bonds will be general obligations of the Town of Stratford, Connecticut and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
- Credit Rating** The Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's") and "AA-" with a negative outlook by Standard & Poor's ("S&P"). The underlying ratings on the Town's outstanding bonds have recently been affirmed as "Aa3" by Moody's and "AA-" with a negative outlook by S&P.
- Basis of Award:** Lowest True Interest Cost (TIC) as of the dated date.
- Tax Exemption:** See "Tax Matters" herein.
- Availability of Continuing Disclosure:** 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 financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix D to this Official Statement.
- Bank Qualification:** The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocation to the Bonds.
- Certifying Bank, Registrar, Transfer and Paying Agent:** U.S. Bank National Association, of Hartford, Connecticut.
- Legal Opinion:** Pullman & Comley LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 30, 2012, against payment in Federal Funds.
- Issuer Official:** Questions regarding the Town and this Official Statement should be directed to Ms. Susan Collier, Director of Finance, Town of Stratford, Connecticut - Telephone (203) 385-4040.

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 \$21,475,000 General Obligation Bonds, Issue of 2012 (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.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on August 15 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 15 and August 15 in each year until maturity, commencing on August 15, 2013. 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 last business day of January and July in each year. 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 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 shall NOT be designated by the Town 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. **The Bonds are subject to optional redemption prior to maturity.** (See "Optional Redemption" herein.)

Optional Redemption

The Bonds maturing on or before August 15, 2017 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2018 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after August 15, 2017, at any time, either in whole or in part in such amounts and in such order of maturity (but by lot within a maturity), as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 15, 2017 and thereafter	100.0%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the registered owner of such Bonds at the address of such registered owner as it appears on the registration books for the Bonds kept for such purpose. So long as a book-entry system is used for the Bonds, the Town will send any notice of redemption only to DTC (or a successor securities depository) or its nominee.

Rating

The Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's") and "AA-" with a negative outlook by Standard & Poor's ("S&P"). The ratings on the Town's outstanding bonds have recently been affirmed as "Aa3" by Moody's and "AA-" with a negative outlook 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.

Authorization and Purpose

Authorization: The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town and certain ordinances adopted by the Town Council.

Purpose: Proceeds of the Bonds are anticipated to be used to finance the following capital projects of the Town:

<u>Project</u>	<u>Amount of Authorization</u>	<u>The Bonds</u>
<u>FY 2008-09 Capital Bond Ordinance</u>		
Various Schools Flooring Replacement	\$ 400,000	\$ 400,000
Sub-Total FY 2008-09 Capital Bond Ordinance	400,000	400,000
<u>FY 2009-10 Capital Bond Ordinance</u>		
Animal Control Facility	1,325,000	1,325,000
Police Locker Room Refurbishment	50,000	50,000
California Street Condo Channel	500,000	500,000
Birdseye/Stratford Academy Field	300,000	300,000
Sub-Total FY 2009-10 Capital Bond Ordinance	2,175,000	2,175,000
<u>FY 2010-11 Capital Bond Ordinance</u>		
Stratford Academy Campus Improvements	125,000	125,000
IT Equipment - Fire	50,000	50,000
Sub-Total FY 2010-11 Capital Bond Ordinance	175,000	175,000
<u>FY 2011-12 Capital Bond Ordinance</u>		
2-Way Radio Replacement	500,000	500,000
Rescue 1 (Pumper) Replacement: Headquarters Co. 1	480,000	480,000
Vehicle Replacement -2 single-axle dump trucks	366,000	366,000
Vehicle Replacement - 1 Mason 5500 Dump Truck	100,000	100,000
Vehicle Replacement -10-wheel tandem Dump Truck	195,000	195,000
Vehicle Replacement -4 Wheel Drive SUV Vehicles	108,000	108,000
Renovate Basketball Courts (Wigwam Lane)	150,000	150,000
Artificial Turf Restoration/Improvements at Penders Field	1,200,000	1,200,000
High Park Improvements	25,000	25,000
Stratford Academy Field Reconstruction	60,000	60,000
Johnson School Playground (Architect Design)	25,000	25,000
Beach Dr/Washington Parkway Storm Pump Station	50,000	50,000
Replace School Sidewalks	25,000	25,000
Road Reconstruction	500,000	500,000
Road Resurfacing	900,000	900,000
Sidewalk Replacement	250,000	250,000

<u>Project</u>	<u>Amount of Authorization</u>	<u>The Bonds</u>
Tanners Brook Culvert Cleaning	250,000	250,000
Whippoorwill Lane Bridge Replacement	300,000	300,000
Bridge Rehabilitation -parapet, railing & concrete repairs	100,000	100,000
Bridge Rehabilitation -channels, channel walls & drainage	50,000	50,000
Feeley Street Drainage and Road Reconstruction	125,000	125,000
Park Street Road Reconstruction	125,000	125,000
Sherwood Place Road Reconstruction	125,000	125,000
Safety and Security Improvements - Schools	100,100	100,100
Exterior Painting- Town Hall	225,000	225,000
Parking Lot Resurfacing	100,000	100,000
Transfer Station - Roof Replacement & Infrastructure Repairs	300,000	300,000
Public Works Generator	263,000	263,000
BOE - FOG (Gat, Oils & Grease) Separator	93,000	77,566
BOE - General Repairs	135,000	135,000
BOE - Replacement of Sidewalk, Curb & Stair	75,000	75,000
Flood Middle School - Main Distribution Panel Room	50,000	50,000
Franklin Elementary - Masonry Repairs	25,000	25,000
Franklin Elementary - Flooring - Main Floor Repairs	200,000	200,000
Franklin Elementary - Playground & Field	85,000	85,000
Johnson House - Auditorium Update	141,000	141,000
Nichols Elementary - Window Replacement	140,000	140,000
Nichols Elementary - Structural repair of 2nd/3rd Floors	50,000	50,000
Various Schools - Doors & Hardware - various schools	117,700	117,700
Various Schools - Miscellaneous Projects	200,000	200,000
Sub-Total FY 2011-12 Capital Bond Ordinance	8,308,800	8,293,366
 <u>FY 2012-13 Capital Bond Ordinance</u>		
PW - Wood Chipper	100,000	100,000
PW Hwy - Manhole Cutter	45,000	45,000
PW Hwy - Bob-Cat Skid Steer Loader S 850	74,000	74,000
PW Sanitation - Sanitation Truck	195,000	195,000
Tech - Document Storage	50,000	50,000
Tech - E-mail System Replacement / Archiving	100,000	100,000
Tech - Backup Data Center/Server Refresh	200,000	200,000
Town Bldgs - Generators for 3 - Firehouse	263,000	263,000
Tech - Information Technology Projects	485,000	485,000
Bldg Maint - Town Hall Improv	75,000	75,000
Eng - Canaan Road Bridge Deck Rehab	10,000	10,000
Eng - Old Spring Rd Bridge Replacement	50,000	50,000
Eng - Misc. Bridge Rehab-Parapet, Railing & Concrete Repairs	100,000	100,000
Eng - Misc. Bridge Rehab - Channel Walls & Drainage	100,000	100,000
Eng - Sidewalk Replacement	250,000	250,000
Golf Course - Replace gasoline storage tank	20,000	20,000
Golf Course - Tee Reconstruction	110,000	110,000
PW Hwy - Parking Lot Resurfacing	100,000	100,000
PW Hwy - Culvert Cleaning	200,000	200,000
Parks - Roosevelt Forest - Timber Management Sale	25,000	25,000
Parks - Replacement Fencing	50,000	50,000
Parks - Ball field Repair Program	75,000	75,000
Parks - Playground Renovation	150,000	150,000
Parks - Repairs to various Town Parks	200,000	200,000

<u>Project</u>	<u>Amount of Authorization</u>	<u>The Bonds</u>
Parks - Restoration/Improv Artificial Turf at Penders Field	400,000	400,000
Parks - Road Resurfacing	900,000	900,000
Police - Police - Renovation of former EMS Offices	175,000	175,000
PW - Road Reconstruction	500,000	500,000
Rec - Short Beach Pavilion	50,000	50,000
Rec - Renovate Flood Soccer Field with Irrigation	200,000	200,000
Senior Services - Renovate Woodshop Area	20,500	20,500
Tech - GIS Update for Public Safety CAD Product	100,000	100,000
Library - Ductwork Replacement	50,000	50,000
Library - Facade & Interior Repairs	100,000	100,000
Clover Field	500,000	500,000
Masonry at Longbrook	100,000	100,000
Woodend Rd and 4th district streets road resurfacing	460,000	460,000
Stratford Ave & Lordship Blvd streetscape improvements	50,000	50,000
Schl Improv - BOE: Equipment	66,013	66,013
Schl Improv - Bunnell High School	33,000	33,000
Schl Improv - Bunnell High School Projects	600,000	600,000
Schl Improv - Center Elementary Projects	50,000	50,000
Schl Improv - Chapel Street Elementary	15,500	15,500
Schl Improv - Flood Middle School	35,525	35,525
Schl Improv - Flood Middle School Projects	600,000	600,000
Schl Improv - Football Field HS at Longbrook Park	175,000	175,000
Schl Improv - Franklin Elementary	140,000	140,000
Schl Improv - Infrastr Improv/Repairs at BOE	500,000	500,000
Schl Improv - Johnson House	91,000	91,000
Schl Improv - Johnson House Elementary	6,200	6,200
Schl Improv - Lordship Elementary	12,400	12,400
Schl Improv - Lordship Elementary Projects	183,000	183,000
Schl Improv - Nichols Elementary Projects	172,000	172,000
Schl Improv - Replacement of Sidewalk, Curb & Stairs	50,000	50,000
Schl Improv - Safety & Security Improv	100,100	100,100
Schl Improv - Second Hill Lane Elementary	21,496	21,496
Schl Improv - Second Hill Lane Elementary Projects	38,000	38,000
Schl Improv - Stratford High School	31,000	31,000
Schl Improv - Wilcoxson Elementary	17,600	17,600
Schl Improv - Wilcoxson Elementary Projects	368,700	368,700
Schl Improv - Wooster Middle School Projects	32,600	32,600
Bunnell Track	300,000	300,000
Misc. BOE painting - all schools	150,000	150,000
Franklin School playground fencing	10,000	10,000
Sub-Total FY 2012-13 Capital Bond Ordinance	<u>10,431,634</u>	<u>10,431,634</u>
Total All Projects	<u>\$ 21,490,434</u>	<u>\$ 21,475,000</u>

Tax Exemption of the Bonds

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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 excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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 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.

Redemption notices shall be sent to DTC if less than all of the Bonds within an issue are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 nor the Paying Agent 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.

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 7,180 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	2 1/2 years
Christian M. Barnably	Town Council Member	2 years - Elected	2 1/2 years
Stephanie D. Phillips	Town Council Member	2 years - Elected	2 1/2 years
Mattahew P. Catalano	Town Council Member	2 years - Elected	2 1/2 years
Jason W. Santi	Town Council Member	2 years - Elected	2 1/2 years
John M. Dempsey	Town Council Member	2 years - Elected	4 1/2 years
Kenneth Poisson	Town Council Member	2 years - Elected	Less than 1 year
Craig Budnick	Town Council Member	2 years - Elected	Less than 1 year
James J. Connor	Town Council Member	2 years - Elected	2 1/2 years
Joseph Kubic	Town Council Chair	2 years - Elected	Less than 1 year
Paul Hoydick	Town Council Member	2 years - Elected	2 1/2 years
Stephen Nocera	Chief Administrative Officer	Appointed	Less than 1 year
Irene Cornish	Superintendent of Schools	Appointed	8 years
Susan Collier	Director of Finance	Appointed	2 1/2 years
Marc Dillon	Chief of Staff	Appointed	1 1/2 years
Ron Ing	Director of Personnel	Appointed	2 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 and is tasked with emergency and constituent response while 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 - Irene Cornish was appointed Superintendent of Schools in February 2004. She earned her B.A. from the University of Connecticut in Secondary Education with concentrations in French and Spanish and her M.A. from Central Connecticut State University in French. Mrs. Cornish also performed advanced graduate study in Supervision and Evaluation (Secondary level) at the University of Connecticut. Mrs. Cornish earned her Juris Doctor degree from the University of Connecticut School of Law. She has over 34 years of experience in education beginning in 1963. From 1987 to 1994 she practiced law in Vernon, Connecticut and became a partner in the firm of Marder, Kallet, and Cornish. In

October 1994, Mrs. Cornish returned to the education field after being asked to join the Boston University / Chelsea Partnership in Chelsea, Massachusetts as Assistant Superintendent for Pupil Personnel Services for the Chelsea Public Schools. She was appointed Superintendent of Schools for the Chelsea Public Schools in 2000. Mrs. Cornish has served as an adjunct faculty member of Boston University's School of Education since 2000 where she teaches a graduate course on personnel management and labor relations. Mrs. Cornish has served on numerous boards and foundations and is a member of the Stratford Rotary Club as well as several professional organizations.

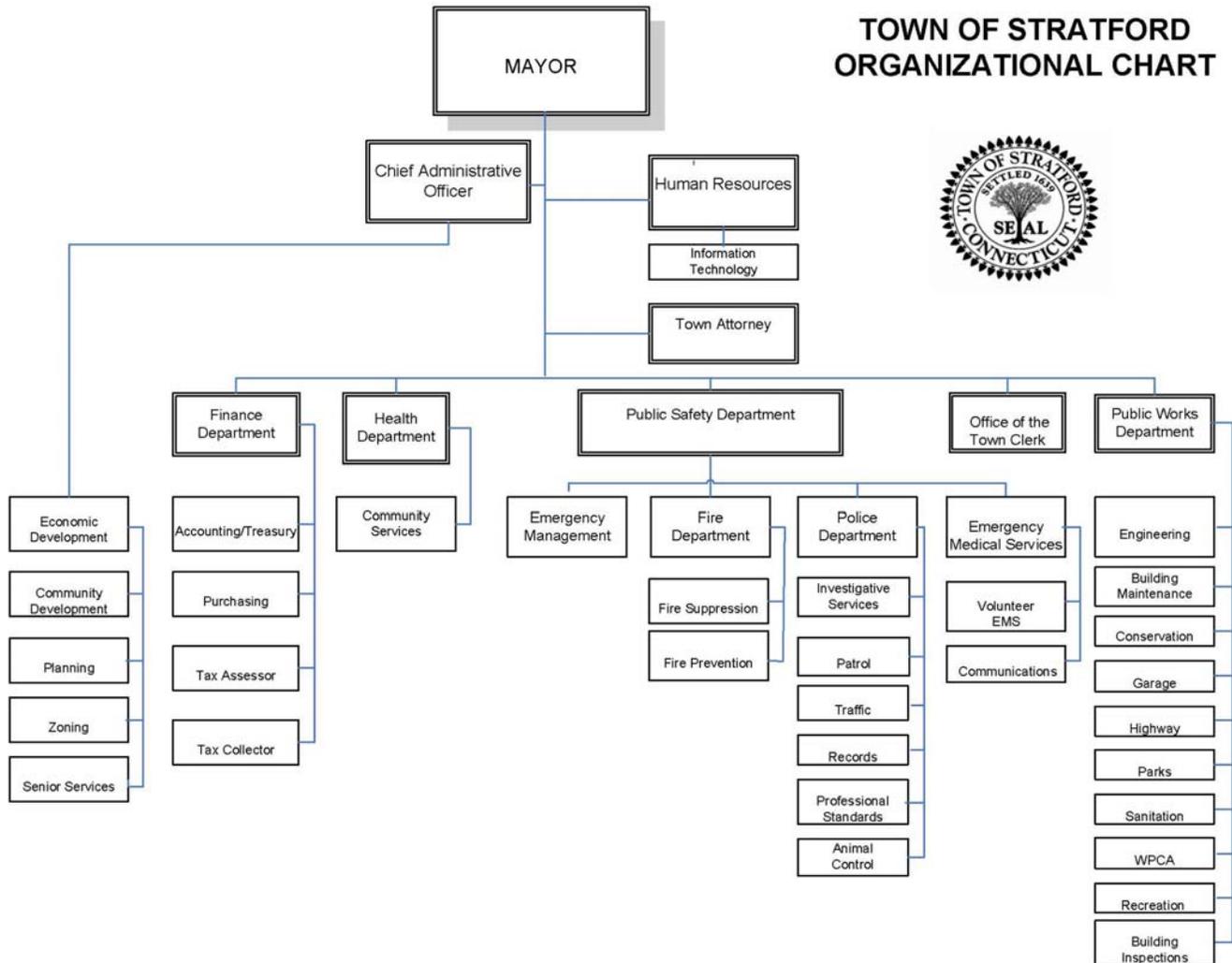
Director of Finance – Susan Collier was appointed Director of Finance in April 2010 after serving as Assistant Director of Finance for two years. Ms. Collier is responsible for a broad range of municipal finance functions including: development and oversight of the financial management and policies of 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 26 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 97 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 104 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 2011, the Authority billed each Participating Municipality a fixed charge of \$61 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. For Fiscal Year 2012 the fixed charge was \$65.11 per ton and for Fiscal Year 2013 the fixed charged will be \$66.41.

The Town is also a member of the Southwest Connecticut Regional Recycling Operating Committee which was established to provide regional recycling programs. The Town is one of 27 member towns committed to provide approximately 3,700 tons of recyclables annually to the regional facility located in the Town.

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 10/1/2011 (1)</u>
Chapel Street School	K-6	1956	1966, 99	562
Franklin Elementary School	Pre K-6	1910	1917, 41, 66, 90	291
Stratford Academy School	Pre K-6	1966	1995	700
Lordship Elementary School	K-6	1941	1953, 84	219
Nichols Elementary School	K-6	1914	1927, 56, 91	430
Second Hill Lane School	Pre K-6	1954	1958, 99	708
Whitney Elementary School	K-6	1945	1948, 54, 92	537
Wilcoxson Elementary School	K-6	1928	1941, 48, 91	382
Flood Intermediate School	7-8	1972	1988	604
Wooster Intermediate School	7-8	1953	1995	544
Bunnell High School	9-12	1971	1991	1,141
Stratford High School	9-12	1925	1930, 36, 42, 50, 71, 89	1,061
Total				<u><u>7,179</u></u>

(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>
2002-03	4,098	1,249	2,259	7,606
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

Enrollment Projections

2012-13	3,792	1,160	2,216	7,168
2013-14	3,822	1,086	2,261	7,169
2014-15	3,864	1,087	2,232	7,183

(1) As of October 1.

Source: Superintendent of Schools.

Municipal Employment

<u>Fiscal Year</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Board of Education	842	847	810	859	855
General Government (1)	421	421	436	448	479
Grants/Enterprise Funded (2)	73	75	75	63	42
Total	<u>1,336</u>	<u>1,343</u>	<u>1,321</u>	<u>1,369</u>	<u>1,377</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

The following is a breakdown by category of Town employees estimated as of the date of this Official Statement:

<u>Department</u>	<u>Number of Employees</u> (1)
General Government	
Administration	26
Finance	20
Human Development	53
Physical Development	112
Public Safety	233
Wastewater Operations - WPC	16
Grants (2)	<u>34</u>
Subtotal	<u>494</u>
Board of Education	
Administration and Principals	43
Teachers	546
Secretaries/Paraprofessionals	46
Classroom Instructional Aids	85
Nurses	15
Custodial/Maintenance	41
Cafeteria Workers	37
Non-union	<u>29</u>
Subtotal	<u>842</u>
Grand Total	<u>1,336</u>

(1) As of August 1, 2012.

(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 (1)</u>	<u>Current Expiration Date</u>
General Government			
Communications/Dispatch	United Public Service Employees Union	10	6/30/2013
Police	Council #15, Local 407, AFSCME	97	6/30/2013
Public Works	Local 134, Stratford Public Works Employees Association	107	6/30/2010 (2)
Firefighters	Local 998, International Association of	94	6/30/2010 (2)
Town Hall	Local 136, Administrative, Technical and Clerical Employees AFL-CIO	46	6/30/2010 (3)
Supervisors	Supervisors, Council #4 AFSCME	29	6/30/2010 (3)
Non-Bargaining	Town non-bargaining employees (4)	111	N/A
	Total General Government	<u>494</u>	
Board of Education			
Administrators	Stratford Administrators Association Inc.	43	6/30/2013
Teachers	Stratford Education Association (Teachers)	546	6/30/2013
Nurses	Stratford School Nurses' Association, CSEA	15	6/30/2016
Classroom Instructional Aids (CIA), & Lunch Personnel	UAW Local 376	122	6/30/2013
Secretaries	Stratford Educational Secretaries' Association,	46	6/30/2014
Custodians	Stratford Public School Custodians Association	41	6/30/2013
Non-Bargaining	Town non-bargaining employees	29	
	Total Board of Education	<u>842</u>	
	Total	<u><u>1,336</u></u>	

(1) As of August 1, 2012.

(2) In binding arbitration.

(3) In negotiations.

(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

The rise in costs of doing business overseas and the overall global economy have had a positive impact on Stratford. In the first two quarters of 2012 many existing local manufacturing companies have chosen to stay in Stratford and expand their operations. The Town of Stratford continues to attract new business for a myriad of reasons. Additionally, the town is strategically located in Fairfield County with a diverse geographical area that spans from forest to 18 miles of coastline. Stratford's business climate is trending upward, because companies in lower Fairfield and the Northeast find the town affordable, reputable, flexible and willing to work with companies.

The Town generated \$396,437 in commercial, industrial, office and retail building permit fee revenues for the calendar year ending June 30, 2012 based on \$39,932,149 in project value. This figure is expected to grow substantially in the next two quarters due to ongoing projects that will be coming to fruition. The GSA and Army have vetted 11 potential developers down to two for Stratford Point. The final decision on a chosen developer for the 77 acres parcel should be announced within the next quarter creating a vast number of job opportunities as well as substantially increasing taxable revenue.

The Two Roads Brewery is currently under construction at the historic U.S. Baird property. The brewery will be partially funded by a \$500,000 grant from the Department of Economic Community Development. The brewer was also awarded a \$1,000,000 loan from the CDA. This destination brewery is targeted to begin crafting beer in September and plans to open the Tasting Room and retail store in October.

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

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

Many years of hard work paid off when the federally funded Greenway opened May 19, 2012. The Greenway spans the Towns coastline and attracts pedestrians, bikers and runners. Additionally, the Town is anticipating a final report from New York based Arts Consulting Group on the viability of reviving the Shakespeare Theater.

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

Finally, several large commercial and industrial agreements are pending closure, which will generate employment and tax revenue opportunities.

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.

Budget planning for Fiscal Year 2012-2013 commenced in January 2012 and concluded in May 2012. The administration's goal of hold spending to no more than a 2% increase over the Fiscal Year 2012 budget was exceeded with operating expenses increasing less than 1%. Department heads along with the Mayor and staff eliminated approximately \$2-3 million in expenses during the Fiscal Year 2012-13 operating budget process. During budget meetings, department heads reviewed each program and expenditure and were asked to justify expenditures, overages or shortages to the CAO, Mayor, Director of Finance and Human Resources Director. On the revenue side of the budget, for Fiscal Year 2013 the tax collection assumption was lowered in an effort to be more conservative. Finally, Quarterly Business Reviews (QBRs) have been undertaken to review and better manage fiscal operations.

Union negotiations continue with four of six of the Town's collective bargaining units. Two units (Police and 911 Dispatchers) have settled with significant medical and retirement benefit restructuring having occurred. Similar structural changes are expected for certain other outstanding union contracts.

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.

Honeywell International performed an energy audit for the Town and as a result of such audit, the Town entered into a guaranteed energy performance contract for multiple Town and Board of Education buildings. The Town anticipates savings of approximately \$12,000,000 over the next fifteen years. The Town received financing for the energy improvement projects in late December 2011 through the issuance of a combination of approximately \$10,500,000 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 is expected to be implemented in the fall of 2012 and new Police and Public Safety systems have been implemented as of the spring of 2012.

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 ended June 30, 2012, the Town anticipates that it will end the year with a a \$1.4 million surplus in the General Fund (see "Comparative General Fund Operating Statement" herein). Total General Fund revenues are anticipated to be \$1.6 million less than budgeted, however revenues are expected to be offset by a positive expenditure variance of \$3 million. The main drivers of reduced revenues included a \$765,000 reduction in State reimbursement for the Manufacturing Machinery and Equipment Payment-in-lieu-of-Taxes ("PILOT"); State of Connecticut Office of Policy and Management ("OPM") estimates for municipal revenue sharing in the amount of \$459,000, retail sales reimbursement in the amount of \$392,000 and local hotel room occupancy tax reimbursement in the amount of \$79,000 that were not included in the final State budget. In addition, conveyance tax receipts were \$196,000 less than the amount provided by OPM. Finally, there was a \$532,000 shortfall in investment income earnings.

These revenue reductions were partially offset by increases in the State of Connecticut school bond subsidy in the amount of \$207,000 and a special education transportation grant in the amount of \$149,000. Miscellaneous revenues in the Finance Department were \$309,000 more than anticipated primarily due to tax lien sale settlements. Other miscellaneous revenues were \$442,000 more than budget and included a \$145,000 CMS drug subsidy recovery, a \$165,000 FEMA storm recovery, a \$140,000 tornado donation from the State of Connecticut Community Development Block Grant program and a \$145,000 municipal video grant.

Total expenses are estimated to be \$3 million less than budgeted and include a \$1.7 million debt retirement savings due to bond refinancings, employee benefit savings in social security of \$127,000 and police/fire annuity savings of \$144,000. Additionally, the Police Department was \$405,000 under budget.

These reduced expenditures were expected to be partially offset by increases in Public Works, Fire and Dispatch. The Public Works Department is expected to exceed budget by \$668,000, primarily due to \$178,000 in excess disposal fees and \$489,000 in overtime and operation costs. The Fire Department expenditures are anticipated to exceed budget for overtime by \$217,000, payroll by \$41,000 and payroll supplemental by \$39,000, due to higher than anticipated retirements and cash-outs that impacted key staffing positions. Additionally, the public safety dispatch payroll/overtime is expected to exceed budget by \$157,000. These overages were partially offset by the Town's overtime-cost control efforts, including Fire Department promotions and strategic hires to address staffing issues in addition to a \$50,000 budgeted contingency for Fire overtime.

Fiscal year 2011-12 tax collections are expected to exceed budget, primarily due to the aggressive foreclosure proceedings undertaken by the Town. The Tax Collector and the Town Attorney continue to work with the taxpayers and their financial institutions to restructure their debt and save their investments. The recently created internal service funds (Medical and Worker's Compensation) will have an estimated \$1.6 million positive change in net assets.

The Town's cost control efforts include continuing to monitor all overtime expenses and bi-weekly expense reviews with department heads as well as Quarterly Business Reviews (QBRs) to review and better manage fiscal operations. Although there are many unknowns in Fiscal Year 2012-13, including ongoing Union negotiations with four of six of the Town's collective bargaining units and ongoing worker's compensation cases, the Town will work to continue to control spending, hit its collection goals and strive to achieve balanced operations.

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	51,384	100.0	3,574,097	100.0

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	\$ 83,369	\$26,501	\$ 32,590
Fairfield County	77,690	100,593	38,350	48,295
Connecticut	65,521	84,170	28,766	36,775
United States	49,600	62,363	21,690	27,041

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	149	1.1	6,130	2.7	28,163	3.1
10,000 to 14,999	166	1.2	3,845	1.7	18,987	2.1
15,000 to 24,999	497	3.7	10,448	4.5	48,016	5.3
25,000 to 34,999	804	6.0	11,700	5.1	57,101	6.3
35,000 to 49,999	1,476	11.0	19,819	8.6	91,930	10.1
50,000 to 74,999	2,822	21.1	32,152	13.9	155,098	17.0
75,000 to 99,999	2,315	17.3	30,366	13.2	142,615	15.6
100,000 to 149,999	3,173	23.7	45,385	19.7	190,257	20.9
150,000 to 199,999	1,186	8.9	23,232	10.1	81,689	9.0
200,000 or more	791	5.9	47,484	20.6	97,797	10.7
	13,379	100.0	230,561	100.0	911,653	100.0

Source: U.S. Census Bureau, 2006-2010 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	1,838	5.2	33,364	5.5	112,149	4.7
9th to 12th grade	2,351	6.6	37,898	6.2	167,250	7.0
High School graduate	11,263	31.7	144,501	23.8	685,158	28.6
Some college, no degree	7,008	19.7	90,131	14.8	415,439	17.3
Associates degree	2,927	8.2	36,927	6.1	174,712	7.3
Bachelor's degree	6,058	17.1	149,308	24.6	476,316	19.9
Graduate or professional degree	4,066	11.4	115,218	19.0	367,259	15.3
Total	35,511	100.0	607,347	100.0	2,398,283	100.0
Percent of High School Graduates		88.2%		88.3%		88.2%
Percent of College Graduates		28.5%		43.6%		35.1%

Source: U.S. Census Bureau, 2006-2010 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	3,086	12.0	33,128	7.5	112,301	6.4
Non-manufacturing						
Agriculture, Forestry, Fishing, Hunting & Mining	18	0.1	1,023	0.2	6,592	0.4
Construction	2,083	8.1	41,533	9.5	207,476	11.8
Wholesale Trade	799	3.1	11,923	2.7	47,436	2.7
Retail Trade	3,084	12.0	47,850	10.9	195,667	11.1
Transportation, Warehousing & Utilities	1,089	4.2	14,393	3.3	67,556	3.8
Information	776	3.0	13,857	3.2	46,077	2.6
Finance, Insurance & Real Estate	2,104	8.2	53,919	12.3	167,484	9.5
Professional, Scientific & Management	2,360	9.2	65,770	15.0	189,671	10.7
Educational Services & Health Care	6,475	25.2	91,360	20.8	438,801	24.9
Arts, Entertainment, Recreation & Food Services	1,460	5.7	30,697	7.0	140,551	8.0
Other Service (including nonprofit)	1,513	5.9	23,096	5.3	78,859	4.5
Public Administration	843	3.3	10,762	2.4	67,078	3.8
Total Non-manufacturing	22,604	88.0	406,183	92.5	1,653,248	93.6
Total	25,690	100.0	439,311	100.0	1,765,549	100.0

Source: U.S. Census Bureau, 2006-2010 American Community Survey.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees (1)</u>
Sikorsky Aircraft	Manufacturer of Helicopters	8,500
Town of Stratford	Government	1,336
United Parcel Service	Package Delivery	750
Stratford Retailer Condo Assoc.	Retail Chains	590
Ashcroft Holdings	Manufacturer of Gauges, Valves	475
Cablevision	Cable Television, Internet, Telecom.	440
Lord Chamberlain	Skilled Nursing Facility	400
Aptar	Manufacturer Pump Atomizers	316
CPP Global	Health and Beauty Care	280
Wal*Mart	Retail Chain	250
AT&T	Telecommunications	250
Connecticut Distributors	Liquor Distributors	247
Yale New Haven Technology Center	Electronic Data Storage	200
ShopRite	Retail Grocery Products	193
Stop & Shop	Retail Grocery Products	192
Bridgeport Fittings	Manufacturer of Electrical Fittings	187
William B. Meyer	Moving, Storage, Rigging	160
Home Depot	Retail Chain	144
Aurora Products	Dried Fruit Packaging	119
Total		15,029

(1) As of July 1, 2012.

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>
2002	4.9 %	5.3 %	4.3 %	5.8 %
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 %
<u>2012 Monthly</u>				
January	9.0 %	7.9 %	8.5 %	8.8 %
February	8.7 %	7.7 %	8.2 %	8.7 %
March	8.3 %	7.6 %	8.1 %	8.4 %
April	8.5 %	7.0 %	7.5 %	7.7 %
May	8.6 %	7.5 %	8.0 %	7.9 %
June	9.0 %	7.8 %	8.4 %	8.4 %

(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
2012 (1)	\$ 681,446	\$ 6,724,700	\$ 7,406,146
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
2003	8,077,030	12,730,229	20,807,259

(1) As of June 30, 2012.

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	231	1.4	2,207	0.9	13,644	1.5
50,000 to 99,999	244	1.5	3,045	1.3	18,668	2.0
100,000 to 149,999	598	3.7	4,848	2.1	56,161	6.0
150,000 to 199,999	1,366	8.5	9,881	4.2	122,274	13.0
200,000 to 299,999	5,603	34.9	31,717	13.5	267,519	28.5
300,000 to 499,999	6,872	42.9	72,624	31.0	280,008	29.8
500,000 to 999,999	1,049	6.5	73,295	31.3	134,075	14.3
1,000,000 and over	69	0.4	36,802	15.7	47,635	5.1
Total	16,032	100.0	234,419	100.0	939,984	100.0
Median Value	\$299,600	-	\$477,700	-	\$295,800	-

Source: U.S. Census Bureau, 2005-2009 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	5,089	24.6	80,976	22.6	351,823	23.8
1940 to 1949	3,056	14.8	30,136	8.4	109,487	7.4
1950 to 1959	4,442	21.4	60,736	17.0	225,730	15.3
1960 to 1969	2,551	12.3	51,631	14.4	198,079	13.4
1970 to 1979	3,264	15.8	49,780	13.9	202,661	13.7
1980 to 1989	1,323	6.4	41,006	11.4	189,562	12.8
1990 to 1999	703	3.4	22,958	6.4	108,780	7.4
2000 to 2004	228	1.1	14,206	4.0	61,101	4.1
2005 or later	57	0.3	6,703	1.9	28,434	1.9
Total housing units	20,713	100.0	358,132	100.0	1,475,657	100.0

Source: U.S. Census Bureau, 2005-2009 American Community Survey.

Breakdown of Land Use

<u>Land Use Category</u>	<u>Total Acreage by Zoning</u>	<u>Percent</u>
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	<u>12,723</u>	<u>100.0</u>

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 August 30, 2012 (Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2012 (unaudited estimate)	\$ 152,376,516
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze	<u>10,000</u>
Base for Debt Limitation Computation	<u><u>\$ 152,386,516</u></u>

<u>Debt Limitation</u> ⁽¹⁾	<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	\$342,869,661					
4 1/2 times base		\$685,739,322				
3 3/4 times base			\$571,449,435			
3 1/4 times base				\$495,256,177		
3 times base					\$457,159,548	
7 times base						\$1,066,705,612
Indebtedness (Includes <i>This Issue</i>):						
Outstanding Debt:						
Bonds payable	\$ 51,590,445	\$ 30,916,670	\$ -	\$ -	\$ 37,280,000	\$ 119,787,115
The Bonds (<i>This Issue</i>)	15,429,500	6,045,500	-	-	-	21,475,000
Clean Water Fund PLO (2)	-	-	42,488,983	-	-	42,488,983
Authorized but Unissued Debt	5,545,821	73,104,349	3,043,627	-	-	81,693,797
Total Indebtedness	<u>72,565,766</u>	<u>110,066,519</u>	<u>45,532,610</u>	<u>-</u>	<u>37,280,000</u>	<u>265,444,895</u>
Less: School Grants Receivable (3)	-	(38,191,700)	-	-	-	(38,191,700)
Total Net Indebtedness	<u>72,565,766</u>	<u>71,874,819</u>	<u>45,532,610</u>	<u>-</u>	<u>37,280,000</u>	<u>227,253,195</u>
Debt Limitation in Excess of Indebtedness	<u>\$270,303,895</u>	<u>\$613,864,503</u>	<u>\$525,916,825</u>	<u>\$495,256,177</u>	<u>\$419,879,548</u>	<u>\$ 839,452,417</u>

- (1) Under Chapter 109 of the Connecticut General Statutes the total of all indebtedness shall not exceed seven times the base or \$1,066,705,612.
- (2) The Town has authorized \$61,900,000 for renovations and upgrades to the Water Pollution Control Facility. The Town has financed the improvements through the State of Connecticut Clean Water Fund Program. The Town also has received approximately \$12,873,678 in grants for the project. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.
- (3) As of August 30, 2012, the Town expects to receive \$36,193,445 in progress payments for recent school construction projects and \$2,208,907 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 August 30, 2012 (Pro Forma)

Indebtedness (1)	
Bonded Debt	
The Bonds (<i>This Issue</i>)	\$ 21,475,000
General Purpose	51,590,445
Schools	30,916,670
Sewers	-
Pensions	37,280,000
State of Connecticut CWF PLO (2)	42,488,983
Total Bonded Debt	<u>183,751,098</u>
Short Term Debt	<u>-</u>
Gross Direct Debt	183,751,098
Exclusions:	
School Grants Receivable (3)	(2,208,907)
Guaranteed Energy Performance Contract (4)	<u>(8,212,115)</u>
Net Direct Debt	<u>\$173,330,076</u>

- (1) Does not include authorized but unissued debt of \$81,693,797.
- (2) The Town has authorized \$61,900,000 for renovations and upgrades to the Water Pollution Control Facility. The Town has financed the improvements through the State of Connecticut Clean Water Fund Program. The Town also has received approximately \$12,873,678 in grants for the project. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.
- (3) As of August 30, 2012, the Town expects to \$2,208,907 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 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.

Current Debt Ratios

As of August 30, 2012 (Pro Forma)

Gross Direct Debt	\$183,751,098
Net Direct Debt	\$173,330,076
Population (1)	51,384
Net Taxable Grand List (10/1/11)	\$4,525,015,543
Estimated Full Value	\$6,464,307,919
Equalized Net Taxable Grand List (2009) (2)	\$6,749,119,646
Per Capita Income (2010) (3)	\$32,590
Total Direct Indebtedness:	
Per Capita	\$3,576.04
To Net Taxable Grand List	4.06%
To Estimated Full Value	2.84%
To Equalized Net Taxable Grand List	2.72%
Per Capita to Per Capita Income	10.97%
Net Direct Indebtedness:	
Per Capita	\$3,373.23
To Net Taxable Grand List	3.83%
To Estimated Full Value	2.68%
To Equalized Net Taxable Grand List	2.57%
Per Capita to Per Capita Income	10.35%

- (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

	2011-12 (1)	2010-11	2009-10	2008-09	2007-08
Population (2)	51,384	51,384	48,930	48,853	49,015
Net taxable grand list	\$ 4,515,905,062	\$ 4,568,144,270	\$ 4,626,511,926	\$ 4,569,672,962	\$ 4,527,727,549
Estimated full value	\$ 6,451,292,946	\$ 6,525,920,386	\$ 6,609,302,751	\$ 6,528,104,231	\$ 6,468,182,213
Equalized net taxable grand list (3)	\$ 6,749,119,646	\$ 6,749,119,646	\$ 6,788,547,960	\$ 7,495,976,591	\$ 7,746,807,389
Per capita income (4)	\$ 31,571	\$ 31,571	\$ 31,571	\$ 31,571	\$ 26,501
Short-term debt	\$ -	\$ -	\$ 50,970,633	\$ 52,870,633	\$ 35,800,068
Long-term debt	\$ 165,807,235	\$ 182,706,324	\$ 139,061,529	\$ 141,915,123	\$ 144,887,018
Total Direct debt	\$ 165,807,235	\$ 182,706,324	\$ 190,032,162	\$ 194,785,756	\$ 180,687,086
Net Direct debt	\$ 163,604,328	\$ 180,023,139	\$ 186,623,077	\$ 190,643,745	\$ 176,016,140

(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

	2011-12 (1)	2010-11	2009-10	2008-09	2007-08
Total Direct debt:					
Per capita	\$3,226.83	\$3,555.70	\$3,883.76	\$3,987.18	\$3,686.36
To net taxable grand list	3.67%	4.00%	4.11%	4.26%	3.99%
To estimated full value	2.57%	2.80%	2.88%	2.98%	2.79%
To equalized net taxable grand list	2.46%	2.71%	2.80%	2.60%	2.33%
Debt per capita to per capita income	10.22%	11.26%	12.30%	12.63%	13.91%
Net direct debt:					
Per capita	\$3,183.95	\$3,503.49	\$3,814.08	\$3,902.40	\$3,591.07
To estimated full value	2.54%	2.76%	2.82%	2.92%	2.72%
To equalized net taxable grand list	2.42%	2.67%	2.75%	2.54%	2.27%
Debt per capita to per capita income	10.09%	11.10%	12.08%	12.36%	13.55%

(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:

<u>Project</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Amount</u>
			<u>Outstanding As of 8/28/12</u>
CWF PLO 246-C	2/28/1996	\$ 3,340,576	\$ 505,403
CWF PLO 246-CD1	7/31/1997	603,109	67,620
CWF PLO 246-CD2	7/31/1998	572,253	66,307
CWF PLO 105-CSL	8/31/2007	1,837,123	1,389,684
CWF PLO 366-C1	10/29/2010	46,154,572	40,459,969
		<u>\$ 52,507,633</u>	<u>\$ 42,488,983</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 for the project. The Town expects to receive an additional \$1,716,486 in federal Long Island Sound Restoration Act ("LISRA") grants. 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:

<u>Project</u>	<u>Total Authorization</u>	<u>Reimbursement Rate</u>	<u>Estimated Grant (1)</u>
Honeyspot House (Stratford Academy)	\$ 15,850,654	56.43%	\$ 7,925,000
Stratford High School Improvements	56,115,586	50.00%	28,057,793
Total	<u>\$ 71,966,240</u>		<u>\$35,982,793</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.

Debt service reimbursement 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 & 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. Additionally, the Board of Education annually prepares its own capital improvement and capital equipment programs. The CIP/CEP are subject to approval of the Town Council annually.

Department	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Board of Education	\$ 2,110,313	\$ 3,270,875	\$ 3,760,785	\$ 3,614,645	\$ 3,637,800	16,394,418
General Government						-
Town Facilities	1,819,400	1,513,470	632,833	367,500	600,000	4,933,203
Roads & Sewers	4,700,000	6,780,000	4,112,000	8,475,000	2,200,000	26,267,000
Public Works	650,000	671,263	286,263	286,263	350,000	2,243,789
Parks and Recreation	1,960,400	978,000	1,180,000	1,455,000	975,000	6,548,400
Police Department	372,120	494,620	482,000	530,000	337,500	2,216,240
Fire Department	313,600	210,000	1,351,500	162,500	204,000	2,241,600
School Improvements	3,888,821	2,064,720	1,640,900	2,201,355	4,248,200	14,043,996
Technology	937,500	842,500	601,000	560,000	-	2,941,000
EMS	174,500	222,500	207,100	265,100	211,100	1,080,300
Total General Government	14,816,341	13,777,073	10,493,596	14,302,718	9,125,800	62,515,528
Total Program Costs	\$ 16,926,654	\$ 17,047,948	\$ 14,254,381	\$ 17,917,363	\$ 12,763,600	\$78,909,946

Funding Sources	2012-13	2013-14	2014-15	2015-16	2016-17	Total
General Fund	\$ 1,722,620	\$ 2,388,216	\$ 1,505,096	\$ 1,466,263	\$ 541,500	\$ 7,623,695
General Obligation Bonds (Town)	4,162,500	2,203,137	2,821,000	1,685,000	1,425,000	12,296,637
General Obligation Bonds (Sewer)	3,710,000	5,940,000	3,385,000	7,775,000	1,550,000	22,360,000
General Obligation Bonds (BOE)	5,999,134	5,285,595	5,401,685	5,816,000	7,886,000	30,388,414
General Obligation Bonds (Harbor)	-	-	-	-	500,000	500,000
LOCIP Grants	250,000	300,000	287,500	287,500	100,000	1,225,000
Other Grants	52,500	-	-	-	-	52,500
Enterprise/Special Revenue Fund	35,400	33,500	20,000	22,500	-	111,400
EMS Fund	174,500	222,500	207,100	265,100	211,100	1,080,300
Railroad Fund	50,000	-	-	-	-	50,000
WPCA Fund	770,000	675,000	627,000	600,000	550,000	3,222,000
Total Funding Sources	\$ 16,926,654	\$ 17,047,948	\$ 14,254,381	\$ 17,917,363	\$ 12,763,600	\$78,909,946

Future Indebtedness

The Town is currently undertaking two major school improvement projects. The first project is the new Honeyspot House Elementary school, a 34,000 s.f. 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 is in the final stages of design. Bidding for the construction of the project is expected in the late summer/fall of 2012 with final project completion anticipated by end of calendar year 2013. The total project cost is estimated to be \$15,850,654 and the Town expects to receive approximately \$7,925,000 in state grants to offset the local share of the project.

The second project is the comprehensive renovations and 5,000 s.f. addition at the existing Stratford High School. The renovations include HVAC system upgrade, energy improvements and efficiencies, 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.

Authorized but Unissued Debt

	<u>Amount of Authorization</u>	<u>Prior Debt Issued</u>	<u>Grants Received</u>	<u>The Bonds</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	12,873,678	-	2,880,750
Pump Station Improvements	2,000,000	1,837,123	-	-	162,877
Miscellaneous Town Improvements	600,000	599,000	-	-	1,000
Honeyspot Elementary School (2)	13,850,654	-	-	-	13,850,654
Sub-Total Miscellaneous Capital Bond Ordinances	90,874,850	61,067,195	12,873,678	-	16,933,977
<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
Various Schools Flooring Replacement	400,000	-	-	400,000	-
Sub-Total FY 2008-09 Capital Bond Ordinance	1,700,000	550,000	-	400,000	750,000
<u>FY 2009-10 Capital Bond Ordinance</u>					
Animal Control Facility	1,325,000	-	-	1,325,000	-
Police Locker Room Refurbishment	50,000	-	-	50,000	-
California Street Condo Channel	500,000	-	-	500,000	-
Various Doors and Hardware	137,200	137,000	-	-	200
FRA - Gate and Rails	9,500	9,000	-	-	500
Birdseye/Stratford Academy Field	300,000	-	-	300,000	-
Sub-Total FY 2009-10 Capital Bond Ordinance	2,321,700	146,000	-	2,175,000	700

- (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 2010-11 Capital Bond Ordinance</u>	<u>Amount of Authorization</u>	<u>Prior Debt Issued</u>	<u>Grants Received</u>	<u>The Bonds</u>	<u>Authorized but Unissued</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
Stratford Academy Campus Improvements	125,000	-	-	125,000	-
Safety and Security Improvements - Schools	100,100	100,000	-	-	100
IT Equipment - Fire	50,000	-	-	50,000	-
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	59,332,686	665,000	-	175,000	58,492,686
<u>FY 2011-12 Capital Bond Ordinance</u>					
2-Way Radio Replacement	500,000	-	-	500,000	-
Rescue 1 (Pumper) Replacement: Headquarters Co. 1	480,000	-	-	480,000	-
Vehicle Replacement -2 single-axle dump trucks	366,000	-	-	366,000	-
Vehicle Replacement - 1 Mason 5500 Dump Truck	100,000	-	-	100,000	-
Vehicle Replacement -10-wheel tandem Dump Truck	195,000	-	-	195,000	-
Vehicle Replacement -4 Wheel Drive SUV Vehicles	108,000	-	-	108,000	-
Renovate Basketball Courts (Wigwam Lane)	150,000	-	-	150,000	-
Artificial Turf Restoration/Improvements at Penders Field	1,200,000	-	-	1,200,000	-
High Park Improvements	25,000	-	-	25,000	-
Stratford Academy Field Reconstruction	60,000	-	-	60,000	-
Jolmson School Playground (Architect Design)	25,000	-	-	25,000	-
Beach Dr/Washington Parkway Storm Pump Station	50,000	-	-	50,000	-
Replace School Sidewalks	25,000	-	-	25,000	-
Road Reconstruction	500,000	-	-	500,000	-
Road Resurfacing	900,000	-	-	900,000	-
Sidewalk Replacement	250,000	-	-	250,000	-
Tanners Brook Culvert Cleaning	250,000	-	-	250,000	-
Broadbridge Culvert over Bruce Brook	100,000	-	-	-	100,000
Whippoorwill Lane Bridge Replacement	300,000	-	-	300,000	-
Bridge Rehabilitation -parapet, railing & concrete repairs	100,000	-	-	100,000	-
Bridge Rehabilitation -channels, channel walls & drainage	50,000	-	-	50,000	-
Shakespeare Estates Storm Relief Pipe	175,000	-	-	-	175,000
Feeley Street Drainage and Road Reconstruction	125,000	-	-	125,000	-
Park Street Road Reconstruction	125,000	-	-	125,000	-
Sherwood Place Road Reconstruction	125,000	-	-	125,000	-
Safety and Security Improvements - Schools	100,100	-	-	100,100	-
Civil War Monument Restoration (Academy Hill)	25,000	-	-	-	25,000
Exterior Painting- Town Hall	225,000	-	-	225,000	-
Parking Lot Resurfacing	100,000	-	-	100,000	-
Transfer Station - Roof Replacement & Infrastructure	300,000	-	-	300,000	-
Public Works Generator	263,000	-	-	263,000	-
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
BOE - General Repairs	135,000	-	-	135,000	-
BOE - Replacement of Sidewalk, Curb & Stair	75,000	-	-	75,000	-
Flood Middle School - Main Distribution Panel Room	50,000	-	-	50,000	-
Wooster Middle School - Kitchen Floor	100,000	-	-	-	100,000
Franklin Elementary - Masonry Repairs	25,000	-	-	25,000	-
Franklin Elementary - Flooring - Main Floor Repairs	200,000	-	-	200,000	-
Franklin Elementary - Playground & Field	85,000	-	-	85,000	-
Franklin Elementary - Closet Doors	30,000	-	-	-	30,000
Johnson House - Auditorium Update	141,000	-	-	141,000	-
Nichols Elementary - Window Replacement	140,000	-	-	140,000	-
Sub-Total FY 2011-12 Capital Bond Ordinance	8,571,100	-	-	7,925,666	645,434

	<u>Amount of</u> <u>Authorization</u>	<u>Prior Debt</u> <u>Issued</u>	<u>Grants</u> <u>Received</u>	<u>The Bonds</u>	<u>Authorized but</u> <u>Unissued</u>
Nichols Elementary - Structural repair of 2nd/3rd Floors	50,000	-	-	50,000	-
Stratford High - Football Field House at Longbrook Park	175,000	-	-	-	175,000
Various Schools - Doors & Hardware - various schools	117,700	-	-	117,700	-
Various Schools - Miscellaneous Projects	200,000	-	-	200,000	-
Sub-Total FY 2011-12 Capital Bond Ordinance	542,700	-	-	367,700	175,000
<u>FY 2012-13 Capital Bond Ordinance</u>					
PW - Wood Chipper	100,000	-	-	100,000	-
PW Hwy - Manhole Cutter	45,000	-	-	45,000	-
PW Hwy - Bob-Cat Skid Steer Loader S 850	74,000	-	-	74,000	-
PW Sanitation - Sanitation Truck	195,000	-	-	195,000	-
Tech - Document Storage	50,000	-	-	50,000	-
Tech - E-mail System Replacement / Archiving	100,000	-	-	100,000	-
Tech - Backup Data Center/Server Refresh	200,000	-	-	200,000	-
Town Bldgs - Generators for 3 - Firehouse	263,000	-	-	263,000	-
Tech - Information Technology Projects	485,000	-	-	485,000	-
Bldg Maint - Town Hall Improv	75,000	-	-	75,000	-
Conservation - Open Space Acquisition	50,000	-	-	-	50,000
Eng - Canaan Road Bridge Deck Rehab	10,000	-	-	10,000	-
Eng - Landfill Pre-Closure/Closure Plan	50,000	-	-	-	50,000
Eng - Old Spring Rd Bridge Replacement	50,000	-	-	50,000	-
Eng - Misc. Bridge Rehab-Parapet, Railing & Concrete	100,000	-	-	100,000	-
Eng - Misc. Bridge Rehab - Channel Walls & Drainage	100,000	-	-	100,000	-
Eng - Civil War Monument Restoration (Academy Hill)	100,000	-	-	-	100,000
Eng - Sidewalk Replacement	250,000	-	-	250,000	-
Eng - Ferry Creek Stormwater Pump Station Renovation	500,000	-	-	-	500,000
Eng - Widen Freeman Brook @ Oronoque	500,000	-	-	-	500,000
Eng - Honeyspot School Renovation	2,000,000	-	-	-	2,000,000
Golf Course - Replace gasoline storage tank	20,000	-	-	20,000	-
Golf Course - Tee Reconstruction	110,000	-	-	110,000	-
PW Hwy - Parking Lot Resurfacing	100,000	-	-	100,000	-
PW Hwy - Culvert Cleaning	200,000	-	-	200,000	-
Parks - Roosevelt Forest - Timber Management Sale	25,000	-	-	25,000	-
Parks - Replacement Fencing	50,000	-	-	50,000	-
Parks - Ball field Repair Program	75,000	-	-	75,000	-
Parks - Playground Renovation	150,000	-	-	150,000	-
Parks - Repairs to various Town Parks	200,000	-	-	200,000	-
Parks - Restoration/Improv Artificial Turf at Penders Field	400,000	-	-	400,000	-
Parks - Road Resurfacing	900,000	-	-	900,000	-
Police - Police - Renovation of former EMS Offices	175,000	-	-	175,000	-
PW - Road Reconstruction	500,000	-	-	500,000	-
Rec - Short Beach Pavilion	50,000	-	-	50,000	-
Rec - Renovate Flood Soccer Field with Irrigation	200,000	-	-	200,000	-
Senior Svcs - Renovate Woodshop Area for More Space	20,500	-	-	20,500	-
Tech - GIS Update for Public Safety CAD Product	100,000	-	-	100,000	-
Library - Ductwork Replacement	50,000	-	-	50,000	-
Library - Facade & Interior Repairs	100,000	-	-	100,000	-
Clover Field	500,000	-	-	500,000	-
Masonry @ Longbrook	100,000	-	-	100,000	-
Woodend Rd \$260k; 4th district streets road resurfacing	460,000	-	-	460,000	-
Browning Street drainage & improvements	40,000	-	-	-	40,000
Stratford Ave & Lordship Blvd streetscape improvements	50,000	-	-	50,000	-
Schl Improv - BOE: Equipment	66,013	-	-	66,013	-
Schl Improv - Bunnell High School	33,000	-	-	33,000	-
Schl Improv - Bunnell High School Projects	600,000	-	-	600,000	-
Schl Improv - Center Elementary Projects	50,000	-	-	50,000	-
Schl Improv - Chapel Street Elementary	15,500	-	-	15,500	-
Schl Improv - Flood Middle School	35,525	-	-	35,525	-
Schl Improv - Flood Middle School Projects	600,000	-	-	600,000	-
Schl Improv - Football Field Hs@Longbrook Park	175,000	-	-	175,000	-
Schl Improv - Franklin Elementary	140,000	-	-	140,000	-
Schl Improv - Infrastr Improv/Repairs at BOE	500,000	-	-	500,000	-
Schl Improv - Johnson House	91,000	-	-	91,000	-
Schl Improv - Johnson House Elementary	6,200	-	-	6,200	-
Schl Improv - Lordship Elementary	12,400	-	-	12,400	-
Sub-Total FY 2012-13 Capital Bond Ordinance	12,197,138	-	-	8,957,138	3,240,000

FY 2012-13 Capital Bond Ordinance	Amount of Authorization	Prior Debt Issued	Grants Received	The Bonds	Authorized but Unissued
Schl Improv - Lordship Elementary Projects	183,000	-	-	183,000	-
Schl Improv - Nichols Elementary Projects	172,000	-	-	172,000	-
Schl Improv - Replacement of Sidewalk, Curb & Stairs	50,000	-	-	50,000	-
Schl Improv - Safety & Security Improv	100,100	-	-	100,100	-
Schl Improv - Second Hill Lane Elementary	21,496	-	-	21,496	-
Schl Improv - Second Hill Lane Elementary Projects	38,000	-	-	38,000	-
Schl Improv - Stratford High School	31,000	-	-	31,000	-
Schl Improv - Wilcoxson Elementary	17,600	-	-	17,600	-
Schl Improv - Wilcoxson Elementary Projects	368,700	-	-	368,700	-
Schl Improv - Wooster Middle School Projects	32,600	-	-	32,600	-
Bunnell Track	300,000	-	-	300,000	-
Johnson Hs Acad Auditorium Improv.	200,000	-	-	-	200,000
Misc. BOE painting - all schools	150,000	-	-	150,000	-
Franklin School playground fencing	10,000	-	-	10,000	-
Sub-Total FY 2012-13 Capital Bond Ordinance	1,674,496	-	-	1,474,496	200,000
Total All Projects	<u>\$ 181,156,670</u>	<u>\$65,114,195</u>	<u>\$ 12,873,678</u>	<u>\$ 21,475,000</u>	<u>\$ 81,693,797</u>

Combined Schedule of General and Enterprise Fund Debt through Maturity
As of August 30, 2012 (Pro Forma)

Fiscal Year	Existing Indebtness (1)			The Bonds Principal	Principal All Issues
	Principal Payments	Interest Payments	Total Debt Service		
2013 (2)	\$ 16,220,393	\$ 4,949,588	\$ 21,169,981	\$ -	\$ 16,220,393
2014	17,033,866	4,453,799	21,487,665	1,075,000	18,108,866
2015	16,696,664	4,047,864	20,744,528	1,075,000	17,771,664
2016	16,722,091	3,608,651	20,330,742	1,075,000	17,797,091
2017	16,906,330	3,133,319	20,039,649	1,075,000	17,981,330
2018	17,156,462	2,605,971	19,762,433	1,075,000	18,231,462
2019	8,687,504	2,177,234	10,864,738	1,075,000	9,762,504
2020	8,019,476	1,899,835	9,919,311	1,075,000	9,094,476
2021	7,362,396	1,648,616	9,011,012	1,075,000	8,437,396
2022	7,016,283	1,417,724	8,434,007	1,075,000	8,091,283
2023	7,056,157	1,196,148	8,252,305	1,075,000	8,131,157
2024	6,677,038	972,147	7,649,185	1,075,000	7,752,038
2025	5,753,946	775,425	6,529,371	1,075,000	6,828,946
2026	5,371,901	613,599	5,985,500	1,075,000	6,446,901
2027	4,944,735	463,439	5,408,174	1,075,000	6,019,735
2028	4,828,602	321,595	5,150,197	1,075,000	5,903,602
2029	4,337,560	192,192	4,529,751	1,075,000	5,412,560
2030	2,642,945	82,728	2,725,673	1,075,000	3,717,945
2031	585,000	13,894	598,894	1,075,000	1,660,000
2032	-	-	-	1,075,000	1,075,000
2033	-	-	-	1,050,000	1,050,000
	<u>\$174,019,350</u>	<u>\$34,573,766</u>	<u>\$ 208,593,115</u>	<u>\$21,475,000</u>	<u>\$195,494,350</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 \$11,743,252 made between July 1, 2012 and August 30, 2012.

Source: Annual audited financial statements.

Schedule of General Fund Bonded Debt through Maturity

As of August 30, 2012 (Pro Forma)

Fiscal Year	Existing Indebtness (1)			The Bonds Principal	Principal All Issues
	Principal Payments	Interest Payments	Total Debt Service		
2013 (2)	\$ 13,785,886	\$ 4,053,466	\$ 17,839,352	\$ -	\$ 13,785,886
2014	14,580,886	3,608,831	18,189,717	1,075,000	15,655,886
2015	14,310,361	3,252,852	17,563,213	1,075,000	15,385,361
2016	14,426,361	2,861,141	17,287,502	1,075,000	15,501,361
2017	14,567,361	2,433,152	17,000,513	1,075,000	15,642,361
2018	14,772,361	1,954,541	16,726,902	1,075,000	15,847,361
2019	6,257,361	1,575,967	7,833,328	1,075,000	7,332,361
2020	5,542,361	1,349,659	6,892,020	1,075,000	6,617,361
2021	4,837,361	1,150,480	5,987,841	1,075,000	5,912,361
2022	4,426,361	972,915	5,399,276	1,075,000	5,501,361
2023	4,416,361	805,974	5,222,335	1,075,000	5,491,361
2024	3,987,361	638,183	4,625,544	1,075,000	5,062,361
2025	3,011,361	498,104	3,509,465	1,075,000	4,086,361
2026	2,577,361	393,083	2,970,444	1,075,000	3,652,361
2027	2,142,037	301,373	2,443,410	1,075,000	3,217,037
2028	2,056,149	217,469	2,273,618	1,075,000	3,131,149
2029	1,610,361	144,132	1,754,493	1,075,000	2,685,361
2030	1,721,701	78,886	1,800,587	1,075,000	2,796,701
2031	585,000	13,894	598,894	1,075,000	1,660,000
2032	-	-	-	1,075,000	1,075,000
2033	-	-	-	1,050,000	1,050,000
	<u>\$129,614,351</u>	<u>\$ 26,304,102</u>	<u>\$155,918,453</u>	<u>\$21,475,000</u>	<u>\$151,089,351</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 \$11,550,000 made between July 1, 2012 and August 30, 2012.

Source: Annual audited financial statements.

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Schedule of WPCA and EMS Enterprise Fund Debt through Maturity

As of August 30, 2012 (Pro Forma)

Fiscal Year	Existing Indebtness (1)		
	Principal Payments	Interest Payments	Total Debt Service
2013 (2)	\$ 2,434,507	\$ 896,122	\$ 3,330,629
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>\$44,404,999</u>	<u>\$ 8,269,664</u>	<u>\$52,674,662</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 \$193,252 made between July 1, 2012 and August 30, 2011.

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, 2011, 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, 2011. This was the 21th 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 Appropriation

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 covers all Town employees, except for the two groups described below. As of July 1, 2011, the date of the last actuarial valuation, there were 979 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.

The Town is also the administrator of two defined contribution retirement plans for employees. The first plan which was created for employees hired on or after their 45th birthday is now closed. The second plan was established for all employees (except sworn police officers and fire employees) hired after February 1999. This plan is administered by the Town's Human Resources Department. There are currently 156 members covered under this plan. The Town's contribution for the fiscal years ended June 30, 2011 and 2010 were \$687,164 and \$700,390, respectively.

Based upon a July 1, 2011 actuarial valuation, the actuarial value of assets and actuarial accrued liabilities for the PERS were as follows:

**Schedule of Funding Progress
(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, 2011	\$ 114,143 ⁽¹⁾	\$ 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%

(1) The market value of the assets in the PERS as of July 1, 2011 was \$96,656,279. More recently, the market value of assets was \$86,621,412 as of May 31, 2012.

The plan actuaries used an assumed rate of return of 7.75%.

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 "Pension Bond Ordinance"). On August 13, 1998 the Town issued \$95,000,000 in Taxable Pension Obligation Bonds (the "Pension Bond Issue") that fully funded the Town's unfunded pension benefit obligation at that time. The 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 Pension Bond Issue is 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 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 Pension Bond Ordinance, the town was authorized to use excess assets from the Retiree Benefits Reserve Fund to pay debt service on the 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, were used to pay all or a part of the debt service payments on the Pension Bond Issue. Beginning in Fiscal Year 2002-03, the Town began to budget the debt service payments on the Pension Bond Issue from the General Fund, and has continued this practice uninterrupted into Fiscal Year 2013. The Town expects to pay the Pension Bond debt service from the General Fund in the future.

Under the terms of the Pension Bond Ordinance authorizing the Pension Bond Issue, the Town covenanted for the benefit of the holders of the 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, and expects to continue to do so in the future (please see the table below for actual contributions). Under the terms of the 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 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 Pension Obligation Bonds. The Pension Bond Ordinance was again amended in Fiscal Year 2007 to allow the proceeds of the Pension Obligation Bonds to be transferred to the pension trust and invested in the same manner and at the same asset allocations as the pension trust assets. As a result of these amendments, the proceeds of the Pension Bond issue were transferred to the pension trust in Fiscal Year 2007. These changes have had two important positive results. First, by lifting the 40% equity allocation restriction of the 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 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 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 Pension Bond Issue was not extended by the refinancing.

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 \$86.6 million as of May 31, 2012. 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.

The following table represents recent funding trends for the Town's Pension Plans. Actual Contributions include contributions 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
2013	\$ 10,264,676	\$ 9,778,500 (1)	95.3 %
2012	8,521,128	8,521,128 (2)	100.0 %
2011	8,526,398	8,526,398	100.0 %
2010	7,233,452	7,233,452	100.0 %
2009	5,622,700	5,622,712	100.0 %
2008	5,646,579	5,669,932	100.4 %

- (1) Adopted Budget. The Town will make every effort to increase the contribution to 100% of the ARC during the fiscal year.
- (2) Unaudited estimate.

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

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. The Town's Fiscal Year 2013 adopted budget provides for and the Town has contributed \$700,000 towards pre-funding its OPEB 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
2013	\$ 6,965,000	\$ 3,927,300 (1)	56.4%
2012	6,511,300	3,516,361 (2)	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>
2013	\$ 4,678,400	\$ 3,084,700 (1)	65.9%
2012	4,390,000	3,001,982 (2)	68.4%
2011	5,749,000	2,074,200	36.1%
2010	5,404,400	2,019,400	37.4%

- (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. 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 Procedure

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 liened 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 (\$000)	Total Tax Rate (In Mills)	Adjusted Tax Levy	Collecte	Uncollected Taxes	
				End of Each FY	Each FY	As of 6/30/2011
2013 (1)	\$4,525,015,543	34.48	\$155,886,467	n/a	n/a	n/a
2012 (1)	4,515,905,062	34.15	154,085,099	n/a	n/a	n/a
2011 (2)	4,568,144,270	33.32	150,248,842	97.7 %	\$3,450,663	\$3,450,663
2010	4,626,511,926	30.36	136,188,252	97.9	2,988,191	985,343
2009	4,569,672,962	30.51	137,961,016	98.2	2,466,479	494,121
2008	4,527,727,549	30.12	134,121,083	98.2	2,060,481	62,790
2007	4,553,349,527	28.86	129,886,426	98.4	2,002,131	5,702
2006 (2)	4,482,741,678	26.98	119,631,515	98.3	2,900,905	20,687
2005	3,166,601,835	36.99	118,365,972	97.5	2,691,701	28,590
2004	3,087,667,635	36.44	111,892,258	97.5	2,470,565	4,384

(1) Adopted Budget.

(2) Year of revaluation.

Sources: Annual audited financial statements; Fiscal Year s 2012 and 2013 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
10/1/11	\$ 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
10/1/02	2,695,732,340	283,715,770	269,462,735	3,248,910,845	161,243,210	3,087,667,635

(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
10/1/11	\$ 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
10/1/02	2,111,830,350	547,763,090	36,138,900	2,695,732,340

(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	\$ 242,365,230	\$ 8,075,609
United Illuminating Co.	Utility	75,230,940	2,506,695
Stonybrook Gardens Co-op, Inc.	Apartment Co-op	24,493,420	816,121
UB Dockside LLC	Real Estate	19,661,110	655,108
Southern Connecticut Gas	Utility	19,004,820	633,241
Second Avenue Development	Real Estate	18,006,940	599,991
Kramont Operating Partnership LP	Real Estate	14,000,000	466,480
UB Dockside LLC	Real Estate	13,752,200	458,223
Merritt 8 Owner LLC	Real Estate	13,650,000	454,818
UB Railside LLC	Real Estate	13,519,730	450,477
Wal-Mart Real Estate Business Trust	Retail	12,530,000	417,500
	Total	\$ 466,214,390 (1)	\$15,534,263 (2)

(1) Represents 10.3% of the net taxable grand list of \$4,525,015,543 as of 10/1/11.

(2) Represents 10.0% of the tax levy of \$155,886,467 for Fiscal Year 2013.

Source: Town of Stratford Assessor's Office.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax Revenues as a % General Fund Revenues</u>
2012-13 (1)	\$ 190,861,641	\$ 154,894,511	81.2%
2011-12 (2)	186,213,814	152,547,583	81.9%
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%
2003-04	146,608,044	113,073,839	77.1%

- (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 2012 unaudited estimate; and Fiscal Year 2013 Adopted Budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal and State Aid</u>	<u>Aid as a Percentage Of General Fund Revenue</u>
2013 (1)	\$ 190,861,641	\$ 27,837,648	14.6%
2012 (2)	186,213,814	27,645,467	14.8%
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 2012 unaudited estimate; and Fiscal Year 2013 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>
2013 (1)	49.25 %	11.34 %	14.28 %	11.22 %	6.60 %
2012 (2)	50.69	11.58	14.12	9.31	6.26
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
2004	48.91	12.29	8.20	14.19	6.67

- (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 2012 unaudited estimate; and Fiscal Year 2013 Adopted Budget.

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Comparative General Fund Operating Statement
Budget and Actual (Budgetary Basis)

	Fiscal Year 2010-11			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2011-12 Unaudited Estimate	2012-13 Adopted Budget
REVENUES					
Property taxes, interest and liens	\$149,874,241	\$150,267,375	\$ 393,134	\$152,547,583	\$154,894,511
Intergovernmental revenue	28,758,536	24,683,007	(4,075,529)	27,645,467	27,837,648
Departmental revenues	1,790,475	2,065,957	275,482	1,723,911	1,950,050
Licenses, fees and permits	363,700	494,569	130,869	461,846	439,550
Investment Income	190,000	100,729	(89,271)	58,199	90,000
Other revenues	3,424,315	4,471,271	1,046,956	3,776,808	5,649,882
TOTAL REVENUES	\$184,401,267	182,082,908	(2,318,359)	\$186,213,814	\$190,861,641
EXPENDITURES					
Current:					
Administration	\$ 4,312,948	4,351,198	(38,250)	\$ 4,525,472	\$ 4,703,604
Contingency	3,089,447	2,087,028	1,002,419	2,917,434	2,240,647
Employee Benefits	25,196,676	25,323,645	(126,969)	26,008,211	27,248,768
Finance	2,031,763	2,014,719	17,044	2,099,976	1,586,928
Human Development	5,416,195	5,263,252	152,943	5,288,667	5,443,709
Physical Development	11,500,214	11,893,243	(393,029)	11,531,698	12,599,332
Public Safety	20,423,358	22,130,738	(1,707,380)	21,334,520	21,634,908
Education	92,402,182	89,477,020	2,925,162	93,402,182	93,992,529
Debt Service	19,032,222	18,929,183	103,039	17,151,152	21,410,716
TOTAL EXPENDITURES	183,405,005	181,470,026	1,934,979	184,259,312	\$190,861,141
Excess (deficiency) of revenues over expenditures	996,262	612,882	(383,380)	1,954,502	
Other financing sources (uses):					
Operating transfers in	877,635	822,635	(55,000)	700,000	
Operating transfers out	(1,873,897)	(1,579,768)	294,129	(1,240,647)	
Total Other financing sources (uses)	(996,262)	(757,133)	239,129	(540,647)	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (144,251)	\$ (144,251)	\$ 1,413,855	

Sources: Audited financial statements; Fiscal Year 2012 unaudited estimate and Fiscal Year 2013 Adopted Budget.

Comparative Balance Sheets - General Fund

Fiscal Year Ended:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
ASSETS					
Cash and cash equivalents	\$ 11,843,944	\$ 17,223,935	\$ 25,402,464	\$ 20,158,760	\$ 16,917,401
Investments	1,949,232	-	-	-	-
Receivables, net	11,672,655	9,201,515	8,860,888	8,870,481	8,810,656
Due from other funds	<u>1,234,858</u>	<u>1,559,464</u>	<u>5,203,939</u>	<u>16,405,179</u>	<u>27,984,816</u>
TOTAL ASSETS	<u>\$ 26,700,689</u>	<u>\$ 27,984,914</u>	<u>\$ 39,467,291</u>	<u>\$ 45,434,420</u>	<u>\$ 53,712,873</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 4,337,423	\$ 3,325,178	\$ 6,984,671	\$ 4,152,530	\$ 5,140,704
Accrued Liabilities	813,006	935,936	1,114,146	1,250,078	1,345,807
Deferred revenue	864,625	3,913,469	7,558,609	7,440,356	7,410,629
Due to other funds	<u>10,841,079</u>	<u>8,121,210</u>	<u>13,008,140</u>	<u>24,093,051</u>	<u>31,232,370</u>
TOTAL LIABILITIES	<u>16,856,133</u>	<u>16,295,793</u>	<u>28,665,566</u>	<u>36,936,015</u>	<u>45,129,510</u>
FUND BALANCES					
Reserved for encumbrances	1,696,108	3,468,681	2,363,395	1,894,467	-
Unreserved	8,148,448	8,220,440	8,438,330	6,603,938	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	2,322,228
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,261,135</u>
TOTAL FUND BALANCES	<u>9,844,556</u>	<u>11,689,121</u>	<u>10,801,725</u>	<u>8,498,405</u>	<u>8,583,363</u>
TOTAL LIABILITIES AND BALANCES	<u>\$ 26,700,689</u>	<u>\$ 27,984,914</u>	<u>\$ 39,467,291</u>	<u>\$ 45,434,420</u>	<u>\$ 53,712,873</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2007	2008	2009	2010	2011
REVENUES					
Property taxes	\$131,728,690	\$135,666,547	\$139,314,290	\$140,403,581	\$150,267,375
State and Federal Governments	30,242,213	62,597,178	35,293,644	32,138,236	32,147,909
Departmental revenues	2,443,563	2,270,095	1,830,034	2,045,695	2,066,057
Liscenses and permits	598,137	428,323	378,108	331,461	522,586
Investment income	1,814,262	1,410,334	1,181,254	134,234	100,836
Other revenues	<u>3,948,218</u>	<u>4,404,734</u>	<u>4,653,821</u>	<u>4,236,703</u>	<u>4,471,171</u>
TOTAL REVENUES	<u>\$170,775,083</u>	<u>\$206,777,211</u>	<u>\$182,651,151</u>	<u>\$179,289,910</u>	<u>\$189,575,934</u>
EXPENDITURES					
Current:					
Administration	3,565,869	4,207,322	4,368,603	4,534,017	4,354,362
Contingency	3,212,059	2,544,946	2,137,492	2,256,000	2,087,029
Employee Benefits	16,363,636	18,521,699	19,096,291	21,169,167	25,323,646
Finance	1,728,845	1,825,218	1,969,237	1,889,639	2,014,718
Human Development	5,034,224	5,002,603	5,327,827	5,406,741	5,146,881
Physical Development	11,667,496	12,584,468	13,192,302	11,736,643	11,893,243
Public Safety	20,886,761	21,810,317	21,779,680	21,398,921	22,328,523
Education	84,310,065	115,569,201	95,522,351	93,610,201	96,787,391
Debt service	<u>21,181,342</u>	<u>22,075,206</u>	<u>18,731,130</u>	<u>19,583,255</u>	<u>19,348,995</u>
TOTAL EXPENDITURES	<u>167,950,297</u>	<u>204,140,980</u>	<u>182,124,913</u>	<u>181,584,584</u>	<u>189,284,788</u>
Excess (deficiency) of revenues over expenditures	2,824,786	2,636,231	526,238	(2,294,674)	291,146
Other financing sources (uses):					
Procceds from bond refunding	-	-	-	21,825,000	65,572,343
Premium on bond refunding	-	-	-	1,262,275	935,117
Payment to bond escrow agent	-	-	-	(22,905,606)	(66,087,648)
Operating transfers in	259,300	583,353	688,271	1,198,382	822,635
Operating transfers (out)	<u>(1,487,863)</u>	<u>(1,375,019)</u>	<u>(2,101,904)</u>	<u>(1,388,697)</u>	<u>(1,579,768)</u>
Total other financing sources (uses)	<u>(1,228,563)</u>	<u>(791,666)</u>	<u>(1,413,633)</u>	<u>(8,646)</u>	<u>(337,321)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,596,223	1,844,565	(887,395)	(2,303,320)	(46,175)
Fund Balance - July 1	<u>8,248,333</u>	<u>9,844,556</u>	<u>11,689,121</u>	<u>10,801,726</u>	<u>8,629,538</u> (1)
Fund Balance - June 30	<u>\$ 9,844,556</u>	<u>\$ 11,689,121</u>	<u>\$ 10,801,726</u>	<u>\$ 8,498,406</u>	<u>\$ 8,583,363</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 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). The Town has not failed to meet any of its undertakings under such agreements.

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 winning bidder will be furnished with the following documents:

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 that the bids were accepted on the Bonds, 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 statements 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. A 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; and
5. An executed continuing disclosure agreement for the Bonds in substantially the form of Appendix C, attached hereto.

The Town has prepared an Official Statement for the Bonds which is dated August 14, 2012. 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. Within seven business days of the bid opening, the Town will furnish the winning bidder of the Bonds fifty (50) copies of the final Official Statement, as prepared for this issue at the Town's expense. Additional copies may be obtained by the winning bidder(s) at its 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: August 14, 2012

APPENDIX A - AUDITED FINANCIAL STATEMENTS

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Stratford for the Fiscal Year ending June 30, 2011 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 Honorable John A. Harkins, Mayor and 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, 2011, 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'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 basic 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's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 49 through 54 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Blum, Shapiro & Company, P.C.

December 22, 2011

TOWN OF STRATFORD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

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, 2011. 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 decreased as a result of this year's operations. The net assets of our business-type activities decreased by (\$4.7) million, or 13.8% and the net assets of our governmental activities decreased by (\$6.4 million), or (52.8%).
- During the year, the Town had expenses that were \$7.1 million more than the \$205.8 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services decreased to \$8.9 million while operating expenses increased by \$2.0 million to \$13.4 million (or 17.5%) primarily due to the Water Treatment plant upgrade which increased their operating expenses by \$1.8 million to \$11.7 million (or 18.5%).
- Total cost of all of the Town's programs was \$226.2 million with no major new programs added this year.
- The General Fund reported a fund balance this year of \$8.6 million.
- Revenues in the General Fund totaled \$182,906 thousand while expenditures totaled \$183,050 thousand resulting in a deficit of (\$144) 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 decreased from a year ago from \$45.9 million to \$34.9 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)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 75,407	\$ 70,322	\$ 9,300	\$ 13,358	\$ 84,707	\$ 83,680
Capital assets, net of depreciation	<u>133,811</u>	<u>129,611</u>	<u>67,735</u>	<u>70,300</u>	<u>201,546</u>	<u>199,911</u>
Total assets	<u>209,218</u>	<u>199,933</u>	<u>77,035</u>	<u>83,658</u>	<u>286,253</u>	<u>283,591</u>
Current liabilities	12,999	14,830	443	44,482	13,442	59,312
Long-term debt outstanding	<u>190,509</u>	<u>173,014</u>	<u>47,426</u>	<u>5,357</u>	<u>237,935</u>	<u>178,371</u>
Total liabilities	<u>203,508</u>	<u>187,844</u>	<u>47,869</u>	<u>49,839</u>	<u>251,377</u>	<u>237,683</u>
Net Assets:						
Invested in capital assets, net of debt	49,667	46,587	20,691	21,674	70,358	68,261
Restricted	2,543	2,279			2,543	2,279
Unrestricted	<u>(46,500)</u>	<u>(36,777)</u>	<u>8,475</u>	<u>12,145</u>	<u>(38,025)</u>	<u>(24,632)</u>
Total Net Assets	<u>\$ 5,710</u>	<u>\$ 12,089</u>	<u>\$ 29,166</u>	<u>\$ 33,819</u>	<u>\$ 34,876</u>	<u>\$ 45,908</u>

Net assets of the Town's governmental activities decreased by 52.3% (\$5.7 million compared to \$12.1 million). 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 \$(36.8) million at June 30, 2010 to \$(46.5) million at the end of this year.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 10,217	\$ 9,776	\$ 8,890	\$ 8,277	\$ 19,107	\$ 18,053
Operating grants and contributions	40,374	38,695			40,374	38,695
Capital grants and contributions	146	226	518	1,285	664	1,511
General revenues:						
Property taxes	150,503	143,292			150,503	143,292
Grants and contributions not restricted to specific purposes	3,986	4,208			3,986	4,208
Unrestricted investment earnings	453	619	42	85	495	704
Miscellaneous	72	28			72	28
Total revenues	<u>205,751</u>	<u>196,844</u>	<u>9,450</u>	<u>9,647</u>	<u>215,201</u>	<u>206,491</u>
Program expenses:						
General government	38,499	35,722			38,499	35,722
Human development	8,033	7,227			8,033	7,227
Physical development	15,099	15,466			15,099	15,466
Public safety	29,459	23,314			29,459	23,314
Education	115,686	113,161			115,686	113,161
Interest expense	6,033	7,470			6,033	7,470
Waste operating			11,685	9,864	11,685	9,864
Short Beach Golf Course			357	1,062	357	1,062
Miniature Golf Course			11	486	11	486
Emergency Medical Services			1,371	11	1,371	11
Total program expenses	<u>212,809</u>	<u>202,360</u>	<u>13,424</u>	<u>11,423</u>	<u>226,233</u>	<u>213,783</u>
Excess before transfers	(7,058)	(5,516)	(3,974)	(1,776)	(11,032)	(7,292)
Transfers	680	602	(680)	(602)	-	-
Change in Net Assets	<u>\$ (6,378)</u>	<u>\$ (4,914)</u>	<u>\$ (4,654)</u>	<u>\$ (2,378)</u>	<u>\$ (11,032)</u>	<u>\$ (7,292)</u>

The Town's total revenues were \$215.2 million. The total cost of all programs and services was \$226.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 73.1% of the revenues were derived from property taxes; the remaining 26.9% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$7.2 million over the prior year. Current tax collections totaled \$147.2 million or 97.7% of the levy. Arrears taxes and interest collected was \$2.8 million. Unrestricted investment earnings were \$0.2 million less than the prior year.
- Operating grants for governmental activities increased by \$1.7 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$18.3 million of the Operating grants total.

Increases in expenses closely paralleled inflation and growth in the demand for services. In addition, the Town experienced major storm events including a January 2011 snowstorm and March 2011 Nor'easter, which drove up costs for public safety and clean up. The January storm was partially reimbursed by FEMA.

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

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

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General government	\$ 38,499	\$ 35,722	\$ 36,846	\$ 34,483
Public safety	29,459	23,314	27,812	21,999
Physical development	15,099	15,466	13,207	13,086
Education	115,686	113,161	77,358	75,204
Human development	8,033	7,227	1,703	1,905
All others	6,033	7,470	5,146	7,548
Total	<u>\$ 212,809</u>	<u>\$ 202,360</u>	<u>\$ 162,072</u>	<u>\$ 154,225</u>

Business-Type Activities

Business-type activities decreased the Town's net assets by \$4.7 million. The key factors were a reduction of capital grants and contributions and an increase in operating expenses in the Waste Operating Fund.

Town Funds Financial Analysis

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$35.1 million, an increase 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 \$8.6 million. Of this total fund balance, \$2.3 million is assigned for encumbrances.

The fund balance of the Town's General Fund decreased slightly by \$0.1 million during the current fiscal year. Key factors affecting the General Fund are as follows:

- Collections of the current tax levy were 97.7%.
- Favorable departmental revenues were offset by a sharp decline in investment earnings as interest rates continued to fall.

The Capital Projects Fund has a fund balance of \$21.7 million at the end of the year, an increase of \$3.3 million from the prior year. During fiscal 2011 the Town issued bonds of \$11.700 million to fund capital improvements and equipment, as well as refunded \$15.640 million of general obligation bonds and \$51.750 million of pension obligation bonds.

Other non-major governmental funds have a total fund balance of \$4.8 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 \$29.2 million at the end of 2011, decreasing by \$4.7 million from the previous year.

Net assets of the Waste Operating Fund at the end of the year are \$25.9 million, 88.9% of total net assets of the proprietary funds. Other non-major activities have net assets of \$3.2 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 under budgetary estimates by \$2.3 million and expenditures were less than budgetary estimates by \$2.3 million, thus creating a slight decrease 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, 2011 amounted to \$133.8 million and \$67.7 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 \$1.6 million.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 12,917	\$ 12,917	\$	\$	\$ 12,917	\$ 12,917
Land improvements	4,886	4,611		471	4,886	5,082
Buildings and improvements	81,970	83,135	56,950	57,519	138,920	140,654
Infrastructure	18,023	16,477	8,716	8,986	26,739	25,463
Machinery and equipment	9,432	8,510	2,056	1,747	11,488	10,257
Construction in progress	6,583	3,961	13	1,577	6,596	5,538
Total	\$ 133,811	\$ 129,611	\$ 67,735	\$ 70,300	\$ 201,546	\$ 199,911

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

- Drainage Improvements - \$3.8
- Animal Control Facility - \$2.4
- Purchase of Capital Equipment for Public Works, Police & Fire - \$1.8
- Various school improvements / repairs - \$1.0
- Water Pollution Control capital outlay and facility upgrades - \$0.8
- Road resurfacing / reconstruction - \$0.6
- Municipal Buildings repairs / maintenance - \$0.5

- EMS Facility Renovation - \$0.5
- Playground renovations - \$0.3
- Shakespeare Theatre consultants / building repairs / maintenance - \$0.3
- Field restorations - \$0.2

The Town's fiscal-year 2011-12 capital plans call for spending another \$12.7 million for capital projects, principally for the following (in millions):

- Purchase of Capital Equipment for Public Works, Police & Fire - \$2.5
- Various school improvements / repairs - \$1.9
- Drainage / road improvements - \$1.8
- Water Pollution Control capital outlay and facility upgrades - \$1.7
- Road resurfacing / reconstruction - \$1.4
- Municipal Buildings repairs / maintenance - \$1.3
- Restoration/Improvements: Artificial Turf at Penders Field - \$1.2
- Playground / park renovations - \$0.5
- EMS capital outlay - \$0.2

More detailed information about the Town's capital assets is presented in Note 1 and Note 6 to the financial statements.

Long-Term Debt

At June 30, 2010 the Town had \$135.9 million in bonds and notes outstanding versus \$139.3 million last year, an increase of 31.3% as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 135,894	\$ 134,394	\$ 2,069	\$ 2,182	\$ 137,963	\$ 136,576
Notes payable			44,976	2,756	44,976	2,756
Totals	<u>\$ 135,894</u>	<u>\$ 134,394</u>	<u>\$ 47,045</u>	<u>\$ 4,938</u>	<u>\$ 182,939</u>	<u>\$ 139,332</u>

The Town issued \$11,700,000 debt during FY2011.

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 \$1049.9 million, significantly more than the Town’s outstanding general obligation debt.

More detailed information about the Town’s long-term liabilities is presented in Note 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 9.9% for calendar year 2010 up significantly from 8.7% in 2009. This also compares to the State’s annual average unemployment rate of 9.0% and the US rate of 9.6%.

All of these factors were considered in preparing the Town’s budget for FY2010-2011.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$6.3 million. In the FY2011-12 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, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 36,641,371	\$ 14,432,293	\$ 51,073,664
Investments	2,152,937		2,152,937
Receivables, net	15,069,202	1,295,123	16,364,325
Internal balances	6,427,791	(6,427,791)	-
Net pension asset	14,663,325		14,663,325
Bond issuance cost	419,812		419,812
Inventory and deferred charges	32,976		32,976
Capital assets:			
Assets not being depreciated	19,500,314	13,017	19,513,331
Assets being depreciated, net	114,310,517	67,722,275	182,032,792
Total assets	<u>209,218,245</u>	<u>77,034,917</u>	<u>286,253,162</u>
Liabilities:			
Accounts and other payables	10,140,271	365,235	10,505,506
Accrued liabilities	1,379,294	76,122	1,455,416
Unearned revenue	1,479,702	2,179	1,481,881
Noncurrent liabilities:			
Due within one year	17,583,582	2,487,714	20,071,296
Due in more than one year	172,925,125	44,937,985	217,863,110
Total liabilities	<u>203,507,974</u>	<u>47,869,235</u>	<u>251,377,209</u>
Net Assets:			
Invested in capital assets, net of related debt	49,666,851	20,690,374	70,357,225
Restricted for:			
Nonexpendable trust	2,543,726		2,543,726
Unrestricted	(46,500,306)	8,475,308	(38,024,998)
Total Net Assets	<u>\$ 5,710,271</u>	<u>\$ 29,165,682</u>	<u>\$ 34,875,953</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, 2011

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	\$ 38,498,660	\$ 1,652,354	\$	\$	\$ (36,846,306)	\$	\$ (36,846,306)
Human development	8,033,030	4,132,173	2,197,785		(1,703,072)		(1,703,072)
Physical development	15,099,303	875,689	871,082	145,870	(13,206,662)		(13,206,662)
Public safety	29,459,485	1,421,555	225,266		(27,812,664)		(27,812,664)
Education	115,685,857	2,135,437	36,192,739		(77,357,681)		(77,357,681)
Debt service	6,033,030		887,334		(5,145,696)		(5,145,696)
Total governmental activities	<u>212,809,365</u>	<u>10,217,208</u>	<u>40,374,206</u>	<u>145,870</u>	<u>(162,072,081)</u>	<u>-</u>	<u>(162,072,081)</u>
Business-type activities:							
Waste Operating	11,684,532	7,114,114				(4,570,418)	(4,570,418)
Emergency Medical Services	1,371,410	1,503,473		518,259		650,322	650,322
Short Beach Golf Course	357,060	272,105				(84,955)	(84,955)
Miniature Golf Course	11,068					(11,068)	(11,068)
Total business-type activities	<u>13,424,070</u>	<u>8,889,692</u>	<u>-</u>	<u>518,259</u>	<u>-</u>	<u>(4,016,119)</u>	<u>(4,016,119)</u>
Total	<u>\$ 226,233,435</u>	<u>\$ 19,106,900</u>	<u>\$ 40,374,206</u>	<u>\$ 664,129</u>	<u>\$ (162,072,081)</u>	<u>\$ (4,016,119)</u>	<u>\$ (166,088,200)</u>
General revenues:							
Property taxes					\$ 150,502,632	\$	\$ 150,502,632
Grants and contributions not restricted to specific programs					3,985,698		3,985,698
Unrestricted investment earnings					453,649	42,566	496,215
Miscellaneous					71,689		71,689
Total general revenues					<u>155,013,668</u>	<u>42,566</u>	<u>155,056,234</u>
Transfers					<u>680,000</u>	<u>(680,000)</u>	<u>-</u>
Total					<u>155,693,668</u>	<u>(637,434)</u>	<u>155,056,234</u>
Change in net assets					<u>(6,378,413)</u>	<u>(4,653,553)</u>	<u>(11,031,966)</u>
Net Assets at Beginning of Year					<u>12,088,684</u>	<u>33,819,235</u>	<u>45,907,919</u>
Net Assets at End of Year					<u>\$ 5,710,271</u>	<u>\$ 29,165,682</u>	<u>\$ 34,875,953</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,917,401	\$ 14,076,132	\$ 5,647,838	\$ 36,641,371
Investments			2,152,937	2,152,937
Receivables, net	8,810,656	552,849	1,380,018	10,743,523
Inventories			32,976	32,976
Due from other funds	<u>27,984,816</u>	<u>29,009,004</u>	<u>838,496</u>	<u>57,832,316</u>
Total Assets	<u>\$ 53,712,873</u>	<u>\$ 43,637,985</u>	<u>\$ 10,052,265</u>	<u>\$ 107,403,123</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 5,140,704	\$ 1,368,211	\$ 1,150,142	\$ 7,659,057
Accrued liabilities	1,345,807		33,487	1,379,294
Deferred revenue	7,410,629	552,849	1,798,046	9,761,524
Due to other funds	<u>31,232,370</u>	<u>19,977,003</u>	<u>2,304,100</u>	<u>53,513,473</u>
Total liabilities	<u>45,129,510</u>	<u>21,898,063</u>	<u>5,285,775</u>	<u>72,313,348</u>
Fund balances:				
Restricted			2,776,804	2,776,804
Committed		21,739,922	2,375,990	24,115,912
Assigned	2,322,228			2,322,228
Unassigned	<u>6,261,135</u>		<u>(419,280)</u>	<u>5,841,855</u>
Total fund balances	<u>8,583,363</u>	<u>21,739,922</u>	<u>4,733,514</u>	<u>35,056,799</u>
Total Liabilities and Fund Balances	<u>\$ 53,712,873</u>	<u>\$ 43,637,985</u>	<u>\$ 10,019,289</u>	<u>\$ 107,370,147</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2011

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)	\$ 35,056,799
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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	\$ 288,000,043	
Less accumulated depreciation	<u>(154,189,212)</u>	
Net capital assets		133,810,831

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

Net pension asset	14,663,325
Property tax receivables greater than 60 days	4,787,011
Interest receivable on property taxes	4,325,679
Assessments receivable	542,338
Housing loans	269,288
Receivable from the state for school construction projects	2,683,185

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.

(5,932,840)

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	(135,893,980)
Bond premium	(935,117)
Bond issuance cost	419,812
Interest payable on bonds and notes	(2,454,243)
Compensated absences	(6,743,850)
Landfill closure	(12,000,000)
OPEB obligation	(28,195,400)
Deferred charges on refunding	2,024,457
Claims and judgments	<u>(750,000)</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u><u>5,677,295</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, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes and assessments	\$ 150,267,375	\$ 141,018	\$	\$ 150,408,393
State and Federal governments	32,147,909	621,438	12,280,765	45,050,112
Department revenue	2,066,057		2,882,874	4,948,931
Licenses and permits	522,586		308,212	830,798
Investment income	100,836	2,678	350,135	453,649
Other	4,471,171		71,689	4,542,860
Total revenues	<u>189,575,934</u>	<u>765,134</u>	<u>15,893,675</u>	<u>206,234,743</u>
Expenditures:				
Current:				
General government:				
Administration	4,354,362			4,354,362
Contingency	2,087,029			2,087,029
Employee benefits	25,323,646			25,323,646
Finance	2,014,718			2,014,718
Human development	5,146,881		2,614,490	7,761,371
Physical development	11,893,243		1,528,954	13,422,197
Public safety	22,328,523		60,445	22,388,968
Education	96,787,391		11,127,666	107,915,057
Debt service:				
Principal retirements	12,335,886			12,335,886
Interest and other charges	7,013,109			7,013,109
Capital outlay		10,719,032	424,008	11,143,040
Total expenditures	<u>189,284,788</u>	<u>10,719,032</u>	<u>15,755,563</u>	<u>215,759,383</u>
Deficiency of Revenues over Expenditures	<u>291,146</u>	<u>(9,953,898)</u>	<u>138,112</u>	<u>(9,524,640)</u>
Other Financing Sources (Uses):				
Issuance of bonds		11,700,000		11,700,000
Premium on bond issuance		266,371		266,371
Proceeds from bond refunding	65,572,343			65,572,343
Premium on bond refunding	935,117			935,117
Payment to bond escrow agent	(66,087,648)			(66,087,648)
Transfers in	822,635	1,329,413	250,355	2,402,403
Transfers out	(1,579,768)		(142,635)	(1,722,403)
Total other financing sources (uses)	<u>(337,321)</u>	<u>13,295,784</u>	<u>107,720</u>	<u>13,066,183</u>
Net Change in Fund Balances	(46,175)	3,341,886	245,832	3,541,543
Fund Balances at Beginning of Year, as restated	<u>8,629,538</u>	<u>18,398,036</u>	<u>4,520,658</u>	<u>31,548,232</u>
Fund Balances at End of Year	<u>\$ 8,583,363</u>	<u>\$ 21,739,922</u>	<u>\$ 4,766,490</u>	<u>\$ 35,089,775</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, 2011

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)	\$ 3,541,543
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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	11,661,603
Depreciation expense	(7,461,348)

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	(723,900)
Property tax receivable	(13,599)
Accrued interest receivable	236,248
Housing loans	(38,070)
Assessments	17,460
Net pension asset	113,151

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	12,335,886
Proceeds from sale of bonds	(11,700,000)
Bond issuance costs	419,812
Payment to bond escrow agent	63,436,405
Proceeds from sale of refunding bonds	(65,572,343)
Premium from sale of refunding bonds	(935,117)
Deferral amount of refunding	2,699,457

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	(877,557)
Accrued interest	245,682
OPEB obligation	(9,608,600)
Landfill post closure care	<u>(6,000,000)</u>

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.

<u>1,844,874</u>

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (6,378,413)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	Major Fund			Activities
	Waste Operating Funds	Other Nonmajor Funds	Total	Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 9,289,465	\$ 5,142,828	\$ 14,432,293	\$
Receivables:				
Accounts and other		663,714	663,714	
Special assessments	631,409		631,409	
Due from other funds	200,998	2,404,166	2,605,164	2,108,948
Total current assets	<u>10,121,872</u>	<u>8,210,708</u>	<u>18,332,580</u>	<u>2,108,948</u>
Capital assets:				
Assets not being depreciated		13,017	13,017	
Assets being depreciated, net	65,022,112	2,700,163	67,722,275	
Total capital assets	<u>65,022,112</u>	<u>2,713,180</u>	<u>67,735,292</u>	<u>-</u>
Total assets	<u>75,143,984</u>	<u>10,923,888</u>	<u>86,067,872</u>	<u>2,108,948</u>
Liabilities:				
Current:				
Accounts payable	310,553	54,682	365,235	26,971
Accrued wages and benefits	48,807	27,315	76,122	
Unearned revenue		2,179	2,179	
Due to other funds	3,397,463	5,635,492	9,032,955	
Risk management claims			-	1,354,817
Bonds payable		79,390	79,390	
Serial and notes payable	2,294,089		2,294,089	
Compensated absences	63,544	50,691	114,235	
Total current liabilities	<u>6,114,456</u>	<u>5,849,749</u>	<u>11,964,205</u>	<u>1,381,788</u>
Noncurrent liabilities:				
Bonds payable	270,000	1,719,205	1,989,205	
Serial notes payable	42,682,234		42,682,234	
Risk management claims			-	6,660,000
Compensated absences	148,270	118,276	266,546	
Total noncurrent liabilities	<u>43,100,504</u>	<u>1,837,481</u>	<u>44,937,985</u>	<u>6,660,000</u>
Total liabilities	<u>49,214,960</u>	<u>7,687,230</u>	<u>56,902,190</u>	<u>8,041,788</u>
Net Assets:				
Invested in capital assets, net of related debt	19,775,789	914,585	20,690,374	
Unrestricted	6,153,235	2,322,073	8,475,308	(5,932,840)
Total Net Assets	<u>\$ 25,929,024</u>	<u>\$ 3,236,658</u>	<u>\$ 29,165,682</u>	<u>\$ (5,932,840)</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, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Major Fund</u>			<u>Activities</u>
	<u>Waste</u> <u>Operating</u> <u>Funds</u>	<u>Other</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u>	<u>Internal</u> <u>Service Fund</u>
Operating Revenues:				
Charges for services	\$ 7,114,114	\$ 1,775,578	\$ 8,889,692	\$ 15,473,548
Operating Expenses:				
Operating and maintenance	5,030,687	1,513,403	6,544,090	13,628,674
Depreciation	3,604,060	149,793	3,753,853	
Total operating expenses	<u>8,634,747</u>	<u>1,663,196</u>	<u>10,297,943</u>	<u>13,628,674</u>
Operating Income (Loss)	<u>(1,520,633)</u>	<u>112,382</u>	<u>(1,408,251)</u>	<u>1,844,874</u>
Nonoperating Revenues (Expenses):				
Interest income	30,681	11,885	42,566	
Interest expense	<u>(3,049,785)</u>	<u>(76,342)</u>	<u>(3,126,127)</u>	
Total nonoperating revenues (expenses)	<u>(3,019,104)</u>	<u>(64,457)</u>	<u>(3,083,561)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	(4,539,737)	47,925	(4,491,812)	1,844,874
Capital Contributions		518,259	518,259	
Transfers Out	<u>(300,000)</u>	<u>(380,000)</u>	<u>(680,000)</u>	
Change in Net Assets	(4,839,737)	186,184	(4,653,553)	1,844,874
Net Assets at Beginning of Year, as restated	<u>30,768,761</u>	<u>3,050,474</u>	<u>33,819,235</u>	<u>(7,777,714)</u>
Net Assets at End of Year	\$ <u>25,929,024</u>	\$ <u>3,236,658</u>	\$ <u>29,165,682</u>	\$ <u>(5,932,840)</u>

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, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Major Fund</u>			<u>Activities</u>
	<u>Waste</u>	<u>Other</u>	<u>Total</u>	<u>Internal</u>
	<u>Operating</u>	<u>Nonmajor</u>		<u>Service Fund</u>
	<u>Funds</u>	<u>Funds</u>		
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 6,953,664	\$ 1,775,492	\$ 8,729,156	\$ 15,473,548
Cash payments to suppliers	(3,045,935)	(651,583)	(3,697,518)	(12,658,249)
Cash payments to employees	(2,296,814)	(937,353)	(3,234,167)	
Payments for interfund services	3,773,756	2,257,251	6,031,007	(2,815,299)
Net cash provided by operating activities	<u>5,384,671</u>	<u>2,443,807</u>	<u>7,828,478</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:				
Transfers to other funds	<u>(300,000)</u>	<u>(380,000)</u>	<u>(680,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Principal payments on debt	(3,925,777)	(94,114)	(4,019,891)	
Proceeds from bond anticipation notes	36,778		36,778	
Interest paid on debt	(629,079)	(76,342)	(705,421)	
Purchase of capital assets	<u>(558,362)</u>	<u>(131,520)</u>	<u>(689,882)</u>	
Net cash used in capital and related financing activities	<u>(5,076,440)</u>	<u>(301,976)</u>	<u>(5,378,416)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest revenues	<u>30,681</u>	<u>11,885</u>	<u>42,566</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	38,912	1,773,716	1,812,628	-
Cash and Cash Equivalents at Beginning of Year	<u>9,250,553</u>	<u>3,369,112</u>	<u>12,619,665</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,289,465</u>	<u>\$ 5,142,828</u>	<u>\$ 14,432,293</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (1,520,633)	\$ 112,382	\$ (1,408,251)	\$ 1,844,874
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,604,060	149,793	3,753,853	
Change in assets and liabilities:				
Decrease (increase) in accounts receivable and deferred charges	(160,450)	(86)	(160,536)	
Decrease (increase) in due from other funds	376,293		376,293	(2,815,299)
Increase (decrease) in accounts payable and accrued expenses	(312,062)	(75,533)	(387,595)	25,644
Increase (decrease) in risk management claim liability			-	944,781
Increase (decrease) in due to other funds	<u>3,397,463</u>	<u>2,257,251</u>	<u>5,654,714</u>	
Net Cash Provided by Operating Activities	<u>\$ 5,384,671</u>	<u>\$ 2,443,807</u>	<u>\$ 7,828,478</u>	<u>\$ -</u>
Noncash Capital Financing Activities:				
Capital Assets from Town	<u>\$ -</u>	<u>\$ 518,259</u>	<u>\$ 518,259</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

JUNE 30, 2011

	Pension Trust Fund	Student Activity Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 634,637	\$ 389,845
Investments:		
Common stocks	29,950,936	
Mutual funds - open end	66,126,575	
	<u> </u>	<u> </u>
Total assets	<u>96,712,148</u>	<u>\$ 389,845</u>
Liabilities:		
Due to students and others		\$ 389,845
Other liabilities	<u>55,870</u>	
Total liabilities	<u>55,870</u>	<u>\$ 389,845</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 96,656,278</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

PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2011

Additions:

Contributions:

Plan members	\$ 1,861,111
Employer	<u>8,526,398</u>
Total contributions	<u>10,387,509</u>

Investment income:

Net appreciation in fair market value of investments	20,053,292
Interest and dividends	<u>899,397</u>
Total investment gain	20,952,689
Investment fee	<u>(354,472)</u>
Net investment gain	<u>20,598,217</u>

Total additions	<u>30,985,726</u>
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Deductions:

Benefits	17,979,058
Other	<u>173,740</u>
Total deductions	<u>18,152,798</u>

Net Increase	12,832,928
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Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>83,823,350</u>
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Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 96,656,278</u>
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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 fund:

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

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the Town's health benefit 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.

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 - represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - 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 - represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Stratford Town Council).

Assigned Fund Balance - for all governmental funds other than the General Fund, 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 - 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. 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, 2011.

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, 2011:

	<u>Amount</u>
School Lunch Program *	\$ 156,591
Community Development *	2,462
Miscellaneous Grants *	118,897
Town Aid Road	108,354
Internal Service **	5,932,840

* 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*, \$49,643,012 of the Town's bank balance of \$51,183,699 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 44,528,711
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,114,301</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 49,643,012</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, 2011, excess coverage amounted to \$37,781,624.

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, 2011, the Town's cash equivalents amounted to \$2,690,236. 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 and Poor's</u>
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAAm
Wachovia Securities*	
State Short-Term Investment Fund (STIF)	AAAm

*Not rated

B. Investments

As of June 30, 2011, the Town had the following investments:

Other Investments:	
Common stock	\$ 31,006,121
Mutual funds	<u>67,224,327</u>
 Total Investments	 <u><u>\$ 98,230,448</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, 2011, 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>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 5,879,981	\$	\$	\$	\$ 5,879,981
Accounts and other	298,142			1,171,398	1,469,540
Special assessments		552,849	631,409		1,184,258
Intergovernmental	<u>3,282,533</u>			<u>941,657</u>	<u>4,224,190</u>
Gross receivables	9,460,656	552,849	631,409	2,113,055	12,757,969
Less allowance for uncollectibles	<u>650,000</u>			<u>69,323</u>	<u>719,323</u>
Net Total Receivables	<u><u>\$ 8,810,656</u></u>	<u><u>\$ 552,849</u></u>	<u><u>\$ 631,409</u></u>	<u><u>\$ 2,043,732</u></u>	<u><u>\$ 12,038,646</u></u>

Note: Does not include accrued interest on property taxes of \$4,325,679.

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	\$ 4,787,011	\$
Special assessments not yet due	542,338	
School building grants	2,683,185	
Housing loans	269,288	
Grant drawdowns and other revenues received prior to meeting all eligibility requirements		786,036
Other		693,666
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u><u>8,281,822</u></u>	\$ <u><u>1,479,702</u></u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 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	\$ 12,916,475	\$ 600	\$ -	\$ 12,917,075
Construction in progress	3,961,051	4,426,886	1,804,698	6,583,239
Total capital assets not being depreciated	<u>16,877,526</u>	<u>4,427,486</u>	<u>1,804,698</u>	<u>19,500,314</u>
Capital assets being depreciated:				
Land improvements	8,456,406	1,181,871	606,950	9,031,327
Buildings and improvements	132,414,841	1,964,408	216,262	134,162,987
Machinery and equipment	32,871,032	2,391,047	233,181	35,028,898
Infrastructure	87,430,995	3,501,489	655,967	90,276,517
Total capital assets being depreciated	<u>261,173,274</u>	<u>9,038,815</u>	<u>1,712,360</u>	<u>268,499,729</u>
Less accumulated depreciation for:				
Land improvements	3,845,223	907,317	606,950	4,145,590
Buildings and improvements	49,279,343	3,129,689	216,262	52,192,770
Machinery and equipment	24,360,687	1,468,975	233,181	25,596,481
Infrastructure	70,954,971	1,955,367	655,967	72,254,371
Total accumulated depreciation	<u>148,440,224</u>	<u>7,461,348</u>	<u>1,712,360</u>	<u>154,189,212</u>
Total capital assets being depreciated, net	<u>112,733,050</u>	<u>1,577,467</u>	<u>-</u>	<u>114,310,517</u>
Governmental Activities Capital Assets, Net	<u>\$ 129,610,576</u>	<u>\$ 6,004,953</u>	<u>\$ 1,804,698</u>	<u>\$ 133,810,831</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,576,780	\$ 940,714	\$ 2,504,477	\$ 13,017
Capital assets being depreciated:				
Land improvements	2,273,634			2,273,634
Buildings and improvements	68,585,679	2,235,971		70,821,650
Machinery and equipment	13,020,237	469,895	84,776	13,405,356
Infrastructure	21,208,823	46,794		21,255,617
Total capital assets being depreciated	<u>105,088,373</u>	<u>2,752,660</u>	<u>84,776</u>	<u>107,756,257</u>
Less accumulated depreciation for:				
Land improvements	1,802,836	470,798		2,273,634
Buildings and improvements	11,067,209	2,804,258		13,871,467
Machinery and equipment	11,272,603	161,204	84,776	11,349,031
Infrastructure	12,222,257	317,593		12,539,850
Total accumulated depreciation	<u>36,364,905</u>	<u>3,753,853</u>	<u>84,776</u>	<u>40,033,982</u>
Total capital assets being depreciated, net	<u>68,723,468</u>	<u>(1,001,193)</u>	<u>-</u>	<u>67,722,275</u>
Business-Type Activities Capital Assets, Net	<u>\$ 70,300,248</u>	<u>\$ (60,479)</u>	<u>\$ 2,504,477</u>	<u>\$ 67,735,292</u>

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

Governmental activities:	
General government	\$ 258,878
Human development	358,999
Physical development	1,852,363
Public safety	1,094,566
Education	<u>3,896,542</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 7,461,348</u>
Business-type activities:	
Waste operating	\$ 3,604,060
Short Beach Golf Course	7,037
Miniature Golf Course	11,068
Emergency medical services	<u>131,688</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,753,853</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2011, 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	\$ 27,984,816	\$ 31,232,370
Nonmajor Governmental Funds:		
Community development	14,463	61,140
Education Federal and State Program	24,357	15,441
Shellfish and oysters		2,952
Railroad property		146,602
Miscellaneous grants	3,709	370,193
Recreation	13,575	1,292,491
Department of Child and Family Services	125,656	65,066
Counseling center	21,574	
Harbor management	3,744	
Town Aid Road		430,261
Senior citizens	17,798	
Reserve fund	693,666	
Capital Projects Funds:		
Capital improvements	28,595,012	33,356
Capital special projects	41,531	17,083,612
Sidewalk and road		19,445
Sewer revolving	514,771	168,770
Water hookup		199,655
Capital equipment		2,614,475
Enterprise Funds:		
Waste operating	200,998	3,397,463
Emergency medical services	2,401,732	4,778,044
Short Beach Golf Course	2,434	838,609
Miniature Golf		18,839
Internal Service Fund	2,108,948	
Interfund eliminations	<u>(222,356)</u>	<u>(222,356)</u>
Total	<u>\$ 62,546,428</u>	<u>\$ 62,546,428</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	\$	\$ 1,329,413	\$ 250,355	\$ 1,579,768
Waste Operating Fund	300,000			300,000
Nonmajor governmental funds	142,635			142,635
Nonmajor enterprise funds	<u>380,000</u>			<u>380,000</u>
Total	\$ <u>822,635</u>	\$ <u>1,329,413</u>	\$ <u>250,355</u>	\$ <u>2,402,403</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, 2011, 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	\$ 134,393,928	\$ 77,272,343	\$ 75,772,291	\$ 135,893,980	\$ 14,205,610
Bond Premium		935,117		935,117	
Deferred amount on refunding	675,000	(2,651,243)	48,214	(2,024,457)	
Claims and judgments	750,000			750,000	
Compensated absences	5,866,293	2,637,445	1,759,888	6,743,850	2,023,155
Landfill monitoring closure and postclosure costs	6,000,000	6,000,000		12,000,000	
OPEB liability	18,586,800	9,608,600		28,195,400	
Risk management	<u>6,742,000</u>	<u>1,272,817</u>		<u>8,014,817</u>	<u>1,354,817</u>
Governmental Activities Long-Term Liabilities	\$ <u>173,014,021</u>	\$ <u>95,075,079</u>	\$ <u>77,580,393</u>	\$ <u>190,508,707</u>	\$ <u>17,583,582</u>
Business-type activities:					
General obligation bonds payable	\$ 2,181,772	\$ 1,798,595	\$ 1,911,772	\$ 2,068,595	\$ 79,390
Notes payable	2,756,458	46,145,642	3,925,777	44,976,323	2,294,089
Compensated absences	<u>418,378</u>	<u>87,916</u>	<u>125,513</u>	<u>380,781</u>	<u>114,235</u>
Business-Type Activities Long-Term Liabilities	\$ <u>5,356,608</u>	\$ <u>48,032,153</u>	\$ <u>5,963,062</u>	\$ <u>47,425,699</u>	\$ <u>2,487,714</u>

As of June 30, 2011, 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	\$ 32,953,295
General obligation pension bonds with interest rates ranging from .6% to 3.1% and varying expiration dates to August 2017	51,750,000
General obligation bonds with interest rates ranging from 2.0% - 5.125% and expiration dates from April 2013 to December 2030	<u>51,190,685</u>
Total	<u>\$ 135,893,980</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>
2012	\$ 14,205,610	\$ 3,713,343	\$ 17,918,953
2013	14,465,886	3,773,245	18,239,131
2014	14,505,886	3,420,374	17,926,260
2015	13,740,000	3,058,364	16,798,364
2016	13,871,000	2,668,738	16,539,738
2017-2021	43,262,575	7,648,954	50,911,529
2022-2026	15,875,559	2,763,325	18,638,884
2027-2031	<u>5,967,464</u>	<u>592,017</u>	<u>6,559,481</u>
Total	<u>\$ 135,893,980</u>	<u>\$ 27,638,360</u>	<u>\$ 163,532,340</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, 2011 was approximately \$725,900. Additional payments for bond principal aggregating approximately \$2.7 million are expected to be received through the bonds' maturity dates.

Current Year Refunding

On June 29, 2011, the Town issued \$51,750,000 in General Pension Refunding Bonds with an interest rate of .6-3.1% to advance refund \$49,705,000 of outstanding 1998 bonds with interest rates of 6.5-6.7%. On June 29, 2011, the Town issued \$15,640,000 in General Obligation Refunding Bonds with an interest rate of 3.0-4.0% to advance refund \$15,530,000 of outstanding 2001, 2002, 2007 and 2008 bonds with interest rates of 3.5-5.0%. These advance refundings was undertaken to reduce total debt service payments by \$8,905,732 and resulted in a net present value savings of \$7,533,756. 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. As a result, the bonds are considered to be defeased.

Compensated Absences

Included in the long-term liabilities is the estimated obligation for employee compensated absences which has not become due, aggregating \$6,743,850 as of June 30, 2011.

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, 2011 are as follows:

General purpose	\$ 5,905,821
Schools	71,233,915
Sewers	<u>3,043,627</u>
 Total	 \$ <u><u>80,183,363</u></u>

Business-Type Activities Obligations

At June 30, 2011, 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	1,798,595
Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2030	<u>44,976,323</u>
 Total	 \$ <u><u>47,044,918</u></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>
2012	\$ 2,373,479	\$ 937,387	\$ 3,310,866
2013	2,434,507	897,319	3,331,826
2014	2,722,980	846,165	3,569,145
2015	2,386,302	796,209	3,182,511
2016	2,955,730	748,708	3,704,438
2017-2021	12,155,363	3,007,162	15,162,525
2022-2026	13,452,961	1,673,245	15,126,206
2027-2030	<u>9,223,596</u>	<u>318,093</u>	<u>9,541,689</u>
 Total	 \$ <u><u>47,704,918</u></u>	 \$ <u><u>9,224,288</u></u>	 \$ <u><u>56,929,206</u></u>

Bond Anticipation Notes

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding as follows at June 30, 2011.

	<u>Amount</u>
Notes payable, July 1, 2010	\$ 3,800,000
Notes retired	<u>(3,800,000)</u>
Notes payable, June 30, 2011	<u><u>\$ -</u></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	\$ 337,462	\$ 58,896	\$ 278,566
Schools	674,924	101,504	573,420
Sewers	562,436	48,289	514,147
Urban renewal	487,445		487,445
Pension deficit	449,949	51,750	398,199

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 (\$1,049.9 million).

8. FUND BALANCES

The component of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 32,976	\$ 32,976
Restricted for:				
Grants			85,884	85,884
Education			2,690,920	2,690,920
Committed to:				
Human development			1,446,613	1,446,613
Physical development			696,769	696,769
Public safety			232,608	232,608
Capital projects		21,739,922		21,739,922
Assigned to:				
General government	219,000			219,000
Physical development	38,149			38,149
Education	1,934,454			1,934,454
Dog Fund	130,625			130,625
Unassigned	<u>6,261,135</u>		<u>(419,280)</u>	<u>5,841,855</u>
Total Fund Balances	<u>\$ 8,583,363</u>	<u>\$ 21,739,922</u>	<u>\$ 4,766,490</u>	<u>\$ 35,089,775</u>

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 which 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>
2010	\$ 5,676,000	\$ 12,061,131	\$ 10,995,131	\$ 6,742,000
2011	6,742,000	13,931,066	12,658,249	8,014,817

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.

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 2011 tipping fee is \$62.04 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 2011 CRRA (Authority) fee is \$2.05 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

The city currently pays for postemployment benefits on a pay-as-you-go basis. As of June 30, 2011 the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also 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 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	29 years - closed	29 years - closed
Actuarial assumptions:		
Investment rate of return	4.0%/annum	4.0%/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 thirty 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)	\$ 9,171,800	\$ 5,749,200
Interest on OPEB obligation	398,600	344,800
Adjustment to annual required contribution	<u>(383,900)</u>	<u>(332,100)</u>
Annual OPEB cost	9,186,500	5,761,900
Contributions made	<u>3,265,600</u>	<u>2,074,200</u>
Increase in net OPEB obligation	5,920,900	3,687,700
Net OPEB obligation, beginning of year	<u>9,966,100</u>	<u>8,620,700</u>
Net OPEB obligation, end of year	<u>\$ 15,887,000</u>	<u>\$ 12,308,400</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, 2011 is presented below.

Town

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
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
6/30/2009	5,207,700	2,875,200	55.2	4,449,000

Board of Education

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
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
6/30/2009	5,091,900	1,882,800	36.9	5,220,800

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (OAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (OAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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>
6-30-11	\$ 9,171,800	35.6%
6-30-10	8,617,400	36.1
6-30-09	5,164,000	55.7

Board of Education

<u>Fiscal Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6-30-11	\$ 5,749,200	36.1%
6-30-10	5,404,400	37.4
6-30-09	5,083,500	37.0

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, 2011. 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.

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, 2009, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries:	
Currently receiving benefits	588
Vested, benefits deferred	36
Current employees:	
Vested	260
Nonvested	105
	<hr/>
Total	989
	<hr/> <hr/>

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are funded with investment earnings of the plan.

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

C. Funding Policy

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

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

D. Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the plan for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ 8,526,398
Interest on net pension obligation	(1,200,389)
Adjustment to annual required contribution	<u>1,087,238</u>
Annual pension cost	8,413,247
Contributions made	<u>8,526,398</u>
Increase in net pension asset	(113,151)
Net Pension Asset, July 1, 2010	<u>(14,550,174)</u>
Net Pension Asset, June 30, 2011	\$ <u><u>(14,663,325)</u></u>

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed
Remaining amortization period	21 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)
6/30/11	\$ 8,413,247	101.3%	\$ (14,663,325)
6/30/10	7,090,252	102.0	(14,550,174)
6/30/09	5,448,823	96.2	(14,406,974)

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
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
6/30/06	11,651,536	41.5

F. Pension Plan Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
7/1/09	\$ 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
7/1/04	20,649	191,851	171,202	10.8	24,130	709.5

Defined Contribution Pension Plan

The Town administers a defined contribution pension plan which 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 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, 2011 and 2010 were \$687,164 and \$700,390, 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 \$7,464,902 for the year ended June 30, 2011.

14. PRIOR PERIOD ADJUSTMENTS

During the year, the Town implemented GASB Statement #54. This required the Town to review their special revenue funds and determine if they have a revenue source which constitutes a substantial portion of the resources in a fund that is restricted or committed for a specific purpose. As a result, one funds required classifications.

The beginning fund balances for the following funds were restated as follows:

	<u>General Fund</u>	<u>Nonmajor and Other Funds</u>
Balance June 30, 2010	\$ 8,498,405	\$ 4,651,791
Reclass to General Fund	<u>131,133</u>	<u>(131,133)</u>
Restated Fund Balance, June 30, 2010	<u>\$ 8,629,538</u>	<u>\$ 4,520,658</u>

**Required Supplementary
Information**

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current levy	\$ 146,724,497	\$ 146,724,497	\$ 147,220,489	\$ 495,992
Arrears	1,950,000	1,950,000	1,588,650	(361,350)
Interest and lien fees	988,000	988,000	1,186,635	198,635
Payments in lieu of taxes	211,744	211,744	271,601	59,857
Total property taxes	<u>149,874,241</u>	<u>149,874,241</u>	<u>150,267,375</u>	<u>393,134</u>
Intergovernmental revenues:				
State:				
Education equalization grant	20,495,602	20,495,602	17,579,725	(2,915,877)
School bond principal	722,697	722,697	722,697	-
School bond interest	131,660	131,660	131,660	-
Special education	1,642,536	1,642,536	1,642,536	-
Veterans' additional relief	115,059	115,059	163,591	48,532
Aid for the blind	13,284	13,284		(13,284)
In lieu of State property tax	248,608	248,608	250,034	1,426
Health and welfare	86,909	86,909	81,559	(5,350)
State disability exemption	9,160	9,160	10,096	936
Elderly exemption and circuit breaker	568,749	568,749	562,675	(6,074)
Elderly freeze	14,834	14,834	12,834	(2,000)
State transportation	439,613	439,613	270,432	(169,181)
State nonpublic transportation	61,393	61,393	55,036	(6,357)
State telephone 86-178	136,262	136,262	119,647	(16,615)
In lieu of boat tax			40,197	40,197
Manufacturing pilot grant	3,877,980	3,877,980	2,838,621	(1,039,359)
Airplane registration	47,560	47,560	51,630	4,070
Mashantucket grant	133,630	133,630	134,204	574
Total state	<u>28,745,536</u>	<u>28,745,536</u>	<u>24,667,174</u>	<u>(4,078,362)</u>
Federal:				
Civil preparedness	13,000	13,000	15,833	2,833
Federal grants				-
Total federal	<u>13,000</u>	<u>13,000</u>	<u>15,833</u>	<u>2,833</u>
Total intergovernmental revenues	<u>28,758,536</u>	<u>28,758,536</u>	<u>24,683,007</u>	<u>(4,075,529)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Departmental revenues:				
Town Clerk	\$ 735,200	\$ 735,200	\$ 691,165	\$ (44,035)
Police Department	76,900	76,900	78,582	1,682
Planning and Zoning	60,050	60,050	86,321	26,271
Health Department	219,125	219,125	231,725	12,600
Education	76,000	76,000	185,236	109,236
Public Works	13,100	13,100	12,302	(798)
Finance	60,000	60,000	283,832	223,832
Recreation	266,600	266,600	276,836	10,236
Sanitation	250,000	250,000	188,779	(61,221)
Inland Wetlands	26,000	26,000	22,176	(3,824)
Baldwin Center	7,500	7,500	9,003	1,503
Total departmental revenues	<u>1,790,475</u>	<u>1,790,475</u>	<u>2,065,957</u>	<u>275,482</u>
Licenses and permits:				
Building permits	310,000	309,381	445,032	135,651
Boothe Memorial Park income	36,000	36,619	18,283	(18,336)
Building education training fee	1,400	1,400	259	(1,141)
Public Works licenses	1,300	1,300	1,450	150
Street and sewer permits	15,000	15,000	29,545	14,545
Total licenses and permits	<u>363,700</u>	<u>363,700</u>	<u>494,569</u>	<u>130,869</u>
Investment income	<u>190,000</u>	<u>190,000</u>	<u>100,729</u>	<u>(89,271)</u>
Other:				
Miscellaneous rental:				
Cell tower rentals	77,476	77,476	101,612	24,136
Other Baldwin rental	5,500	5,500	4,117	(1,383)
Medicare reimbursement	70,000	70,000	55,692	(14,308)
Health reimbursements	1,895,000	1,895,000	2,212,125	317,125
Social Security reimbursements	331,854	331,854	335,546	3,692
Fire and liability reimbursements	208,946	208,946	208,946	-
Fire administration miscellaneous revenue	11,000	11,000	30,865	19,865
Medical examination reimbursements	24,000	24,000	17,700	(6,300)
Workers' compensation reimbursement	170,000	170,000	170,000	-
Workers' compensation recovery	50,000	50,000	55,000	5,000
Library refunds and reimbursements			7,472	7,472

(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, 2011

	<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	\$ 35,531	\$ 27,531
Historic Commission fees	350	350	245	(105)
Capital Improvement Earnings	400,000	400,000	72,201	(327,799)
Donation			387	387
Plan forfeits	1,900	1,900	4,125	2,225
Police special duty - administration	68,750	68,750	87,447	18,697
Police special duty - reimbursement			981,526	981,526
Miscellaneous	66,100	66,100	52,583	(13,517)
Boothe Estates	35,439	35,439	38,151	2,712
Total other	<u>3,424,315</u>	<u>3,424,315</u>	<u>4,471,271</u>	<u>1,046,956</u>
Total revenues	184,401,267	184,401,267	182,082,908	(2,318,359)
Other financing sources:				
Transfers in	<u>877,635</u>	<u>877,635</u>	<u>822,635</u>	<u>(55,000)</u>
Total	<u>\$ 185,278,902</u>	<u>\$ 185,278,902</u>	182,905,543	<u>\$ (2,373,359)</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	7,464,902
Issuance of refunding bonds not budgeted	65,572,343
Premium on bond refunding not budgeted	935,117
Dog Fund revenue not budgeted in the general fund	<u>28,124</u>

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

\$ 256,906,029

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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Administration:				
Council Clerk	\$ 82,224	\$ 82,224	\$ 65,804	\$ 16,420
Office of the Mayor	263,990	263,990	232,400	31,590
Human resources	450,264	450,264	665,948	(215,684)
Town Attorney	1,579,308	1,579,308	1,530,743	48,565
Chief Administrative Officer	227,800	227,800	215,081	12,719
Department of Planning	334,626	334,626	329,762	4,864
Registrar of Voters	226,139	226,139	197,365	28,774
Town Clerk	365,386	365,386	357,346	8,040
Town buildings	639,576	639,576	628,886	10,690
Agencies	143,635	143,635	127,863	15,772
Total	<u>4,312,948</u>	<u>4,312,948</u>	<u>4,351,198</u>	<u>(38,250)</u>
Contingency	<u>3,089,447</u>	<u>3,089,447</u>	<u>2,087,028</u>	<u>1,002,419</u>
Employee benefits	<u>25,196,676</u>	<u>25,196,676</u>	<u>25,323,645</u>	<u>(126,969)</u>
Finance:				
Administration	153,314	153,314	156,322	(3,008)
Accounting	420,201	420,201	400,271	19,930
Data processing	399,154	399,154	407,720	(8,566)
Purchasing	148,542	148,542	149,931	(1,389)
Tax Assessor	433,278	433,278	426,237	7,041
Tax Collector	477,274	477,274	474,238	3,036
Total	<u>2,031,763</u>	<u>2,031,763</u>	<u>2,014,719</u>	<u>17,044</u>
Human development:				
Community services	237,770	237,770	240,965	(3,195)
Economic Community Development	183,850	183,850	83,205	100,645
Health Department	630,414	630,414	593,696	36,718
Recreation Department	595,155	595,155	654,466	(59,311)
Senior Services	581,549	581,549	579,338	2,211
Sterling House	122,885	122,885	122,885	-
Stratford Library Association	2,874,217	2,874,217	2,800,351	73,866
Visiting Nurses Association	53,500	53,500	53,500	-
Short Beach	136,855	136,855	134,846	2,009
Total	<u>5,416,195</u>	<u>5,416,195</u>	<u>5,263,252</u>	<u>152,943</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Physical development:				
Public works:				
Administration	\$ 1,043,308	\$ 1,043,308	\$ 1,077,753	\$ (34,445)
Building inspection	222,555	222,555	225,423	(2,868)
Building maintenance	1,156,938	1,156,938	1,145,374	11,564
Engineering	453,787	453,787	538,702	(84,915)
Parks	1,914,402	1,914,402	2,346,557	(432,155)
Highways	2,182,227	2,182,227	2,172,669	9,558
Town garage	591,182	591,182	609,422	(18,240)
Sanitation/refuse	3,935,815	3,935,815	3,777,343	158,472
Total	<u>11,500,214</u>	<u>11,500,214</u>	<u>11,893,243</u>	<u>(393,029)</u>
Public safety:				
Fire Department:				
Administration	717,086	717,086	665,695	51,391
Firefighting	9,194,644	9,194,644	10,005,440	(810,796)
Fire prevention	248,065	248,065	185,960	62,105
Police Department:				
Administration	1,187,408	1,187,408	1,132,312	55,096
Investigation	1,534,272	1,534,272	1,484,663	49,609
Patrol	4,977,191	4,977,191	6,252,247	(1,275,056)
Records	225,950	225,950	230,826	(4,876)
Traffic	1,062,778	1,062,778	942,917	119,861
Professional Standards	540,401	540,401	443,162	97,239
Communications center	735,563	735,563	787,516	(51,953)
Total	<u>20,423,358</u>	<u>20,423,358</u>	<u>22,130,738</u>	<u>(1,707,380)</u>
Board of Education	<u>92,402,182</u>	<u>92,402,182</u>	<u>89,477,020</u>	<u>2,925,162</u>
Debt service:				
Bonds payable:				
Principal retirement	12,585,976	12,585,976	12,335,886	250,090
Interest	6,446,246	6,446,246	6,593,297	(147,051)
Total	<u>19,032,222</u>	<u>19,032,222</u>	<u>18,929,183</u>	<u>103,039</u>
Total expenditures	<u>183,405,005</u>	<u>183,405,005</u>	<u>181,470,026</u>	<u>1,934,979</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers out	\$ 1,873,897	\$ 1,873,897	\$ 1,579,768	\$ 294,129
Total	\$ 185,278,902	\$ 185,278,902	183,049,794	\$ 2,229,108

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	7,464,902
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	(297,136)
Payment to escrow agent not budgeted	66,087,648
Refunding bond issuance cost not budgeted	419,812
Dog Fund expenditures not budgeted in the general fund	<u>227,184</u>

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

\$ 256,952,204

APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL

**FORM OF OPINION OF BOND COUNSEL
TOWN OF STRATFORD, CONNECTICUT
\$21,475,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012**

August ___, 2012

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 \$21,475,000 General Obligation Bonds, Issue of 2012, dated August 30, 2012 (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 August 30, 2012 (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 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 excludable 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 statutes and court decisions, (i) interest on the Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the Federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other Federal income tax consequences caused by 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 excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excludable 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 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 August 14, 2012 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 the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable 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
\$21,475,000 Town of Stratford, Connecticut
General Obligation Bonds, Issue of 2012**

This Continuing Disclosure Agreement (“Agreement”) is made as of August 30, 2012, by the Town of Stratford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$21,475,000 General Obligation Bonds, Issue of 2012, dated August 30, 2012 (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 August 14, 2012 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

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

**TOWN OF STRATFORD, CONNECTICUT
\$21,475,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012
(the “Bonds”)**

ELECTRONIC BIDS via *PARITY*® will be received by the **TOWN OF STRATFORD, CONNECTICUT**, (the “Town”) at the Office of the Director of Finance, Stratford Town Hall, 2725 Main Street, Stratford, Connecticut 06615, until **11:00 A.M. (EDT), TUESDAY**

AUGUST 14, 2012

(the “Bid Date”) for the purchase of all (but not less than all) of \$21,475,000 General Obligation Bonds, Issue of 2012, of the Town (the “Bonds”), when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, which mature on August 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2013	\$1,075,000	2023	\$1,075,000
2014	\$1,075,000	2024	\$1,075,000
2015	\$1,075,000	2025	\$1,075,000
2016	\$1,075,000	2026	\$1,075,000
2017	\$1,075,000	2027	\$1,075,000
2018	\$1,075,000	2028	\$1,075,000
2019	\$1,075,000	2029	\$1,075,000
2020	\$1,075,000	2030	\$1,075,000
2021	\$1,075,000	2031	\$1,075,000
2022	\$1,075,000	2032	\$1,050,000

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes, as amended. The Bonds will be dated August 30, 2012, with interest payable on August 15, 2013 and semiannually thereafter on each February 15 and August 15 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Official Statement, dated August 7, 2012.

Optional Redemption

The Bonds maturing August 15, 2018 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after August 15, 2017, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
August 15, 2017 and thereafter	100%

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

Ratings

The Town has applied to Standard & Poor's Corporation and Moody's Investors Service for assignment of their municipal bond ratings to the Bonds. The assigned ratings may be obtained from the respective rating agency or will be posted through the facilities of *PARITY*[®] prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared an Official Statement for the Bonds which is dated August 7, 2012, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser 50 copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via *PARITY*[®], in accordance with this Notice of Sale, until 11:00 A.M. (EDT) on Tuesday, August 14, 2012, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in *PARITY*[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*[®], including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of *PARITY*[®] is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via *PARITY*[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of *PARITY*[®], or the inaccuracies of any information, including bid information or worksheets supplied by *PARITY*[®], the use of *PARITY*[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

For the purpose of the electronic bidding process, the time maintained on *PARITY*[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Bid Requirements

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery, if any. No bid for less than par and accrued interest will be considered.

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 30, 2012, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (EDT) on the Bid Date in accordance with the provisions herein.

Simultaneously with or before delivery of the Bonds, the purchaser shall furnish to the Town a certificate acceptable to Bond Counsel for the Town to the effect that the purchaser has either purchased the Bonds at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary or has made a bona fide public offering of the Bonds to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of each maturity of the Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Bond Counsel advises that (i) such certificates must be made on the best knowledge, information and belief of the purchaser, (ii) the sale to the public of 10% or more of each maturity of the Bonds at prices not greater than or yields not lower than, the initial offering prices or yields would be sufficient for the purpose of certifying as to the sale of a substantial amount of the Bonds and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of Town Officials relating to the accuracy and completeness of the Official Statement.

The Bonds will NOT be designated by the Town 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 Federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about August 30, 2012 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Postponement; Change of Terms

The Town reserve the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last day of January and July in each year, or the preceding business day if the last day of the month is not a business day.)

Additional Information

For more information regarding the Bonds and the Town, reference is made to the Official Statement dated August 7, 2012. Copies of the Official Statement may be obtained from Mr. William N. Lindsay, Independent Bond & Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06643, telephone: (203) 245-9603.

John A. Harkins, Mayor

Susan Collier, Director of Finance

August 7, 2012