

**Comprehensive
Annual Financial Report**

of the

**Town of Stratford
Connecticut**

Fiscal Year Ended June 30, 2006

Finance Department
John G. Norko
Director of Finance

TOWN OF STRATFORD, CONNECTICUT

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Introductory Section

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

James R. Miron, Mayor

TOWN COUNCIL

James Feehan, Council Chair
Michael A. Julian
Alvin O'Neal
Gavin B. Forrester, III
Angelo Stavola
Raymond J. Barker
John D. Miranda
William Stroomer
Robert Camillo
Michael F. Henrick

BOARD OF EDUCATION

Co-Chair Laura R. Hoydick
Co-Chair Thomas J. Malloy
Vice Chair and Secretary Robert J. David
Board Member Susan F. Barksdale
Board Member Robert D. Cody
Board Member Joseph Dimenno
Board Member Janice M. Wood

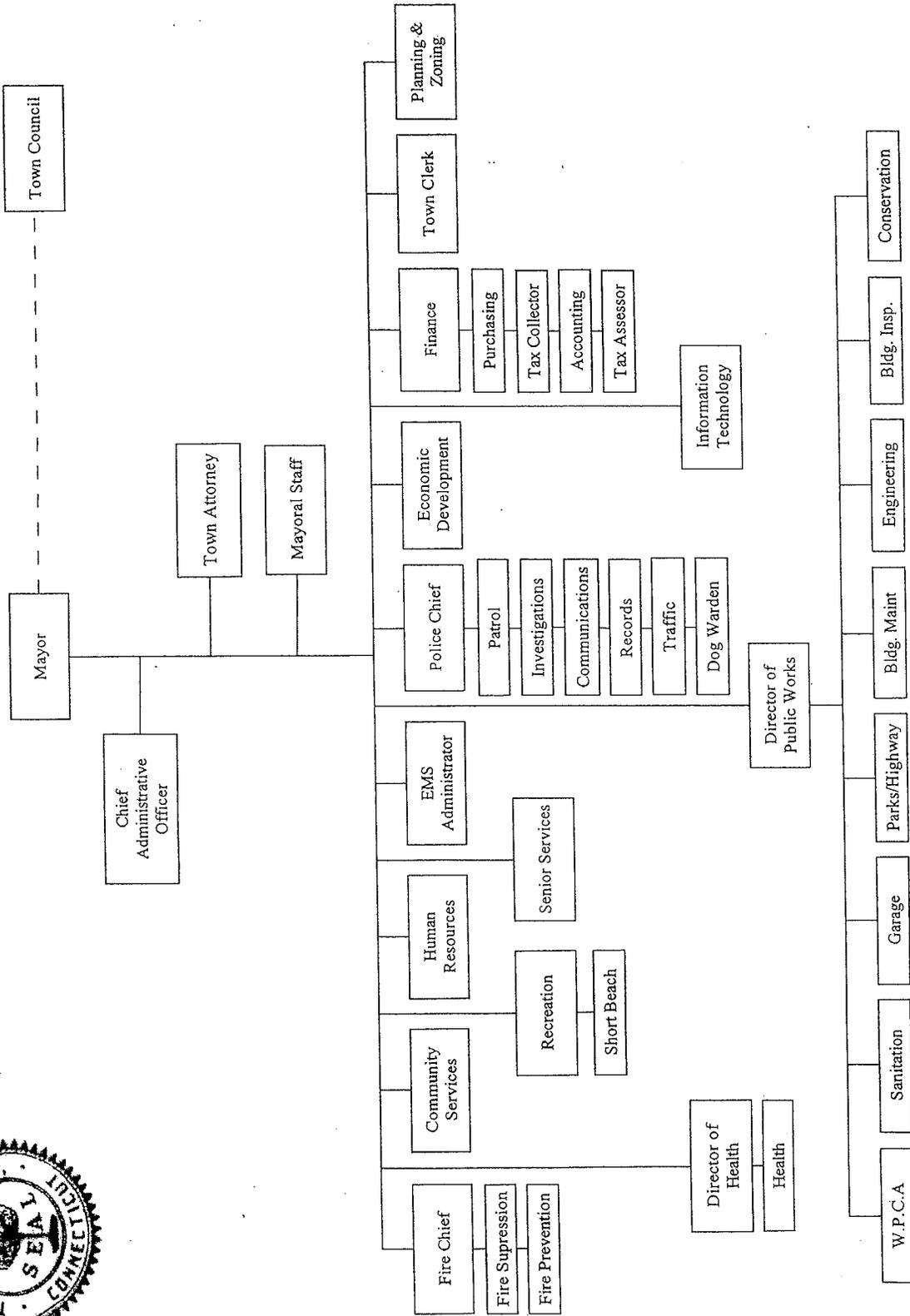
Irene Cornish, Superintendent of Schools

ADMINISTRATION

Chief Administrative Officer Vacant
Director of Finance John G. Norko
Town Clerk Patricia P. Ulatowski
Treasurer Susan M. Nicholson
Assessor Brian Lastra
Tax Collector Deborah Heim
Town Attorney Richard J. Buturla



TOWN OF STRATFORD ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Stratford,
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Egan

Executive Director



TOWN OF STRATFORD

CONNECTICUT
06615

December 29, 2006

Honorable James R. Miron, Mayor
Honorable Council Members
Town of Stratford, Connecticut

Connecticut law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2006.

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

Scully & Wolf, LLP, Certified Public Accountants, have issued an unqualified opinion on the Town of Stratford, Connecticut's financial statements for the year ended June 30, 2006. The independent auditors' report is located at the front of the financial section of this report.

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

Town Profile

English settlers founded the Town of Stratford in 1639, making it the eighth town in the State of Connecticut (the "State of Connecticut" or the "State"). Located thirteen miles west of New Haven and adjacent to Bridgeport to the west, Milford to the east, Long Island Sound to the south and Shelton to the north, the Town is located 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. The Town is a member of the Greater Bridgeport Transit District that operates more than fifty buses on sixteen routes that include the Town, Fairfield, Trumbull and the City of Bridgeport.

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

The Town's 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 during winter.

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

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

Town Local Economy

Building permit data through the end of June 2006 totaled an extraordinary \$7,092,990. By comparison, last year's figures for the same period totaled \$1,826,090 with a year ending tally of \$7,905,860. This year's impressive start can be attributed to one of Stratford's longtime corporate citizens, Stratford Land Development Company moving forward on the construction of a second building on their west campus. They began construction on the 117,000 square foot building in late December 2005 when they took out a \$340,000 foundation permit. They have since secured an additional \$4,250,000 in permits including one for \$400,000 to cover tenant-fit up costs. The building is approximately 85% leased and is expected to be completed by the end of Summer 2006. They have projected the total cost to be \$5,534,000.

Stratford's largest taxpayer and employer, Sikorsky Aircraft, took out three separate permits totaling \$637,500 to continue the retrofits and upgrades needed for the helicopter manufacturer to remain competitive. A six-week strike by 3,600 Teamsters ended on April 3, 2006 when they accepted the company's proposed health-care package. Shortly after the strike ended, Sikorsky announced a \$3 billion contract with the U.S. Marine Corps to develop a new heavy lift helicopter, the CH-53K to replace the CH-53E Super Stallion. The multi year contract is for 156 aircraft. The Navy gave Sikorsky a \$10 million contract for the MH-60R anti-submarine and surface attack helicopter program. Sikorsky in partnership with Lockheed Martin will be building 254 MH-60R helicopters, 144 of which will be jointly purchased with the Army. The strength of the company's product and its continued growth in after market services for both military and commercial customers worldwide bodes well for its long-term future.

While 2005 started with the recording of the largest commercial transaction in the Town's history, the sale of the Dock Shopping Center to Urstadt Biddle Properties, Inc. of Greenwich for \$50.25 million, the year ended with the sale of another long time Stratford institution, Dresser Instruments. Dresser Instruments, a division of Dresser, Inc. was sold for \$34 million to Ashcroft Holdings, Inc. The property transfer was recorded at \$7 million for the 325,000 square foot facility built in 1946 at 250 East Main Street.

On April 3, 2006, KPS Special Situations Funds, a family of private equity funds specializing in restructurings and turnarounds, announced that it had reached an agreement to sell its portfolio company Ashcroft Holdings, Inc. to Nagano Keiki Co., Ltd for \$55 million plus retained cash. Through this transaction, KPS more than doubled its invested equity capital in only four months. The sale to Tokyo-based Nagano strengthened both companies in that they produce similar products and have worked in the past on joint ventures allowing the companies to share in the development of sensor technology. The products produced include pressure gauges, transducers, transmitters, pressure and temperature switches used in a wide variety of applications and industries. Nagano's strength has been primarily in the automotive industry. The company is expected to maintain its employment level of 450 in Stratford.

The same could not be said for another longtime Stratford Company, Dictaphone Corporation, which was purchased in early February 2006 for \$357 million by Nuance Communications, Inc., a Massachusetts based speech recognition software company. The deal was approved and closed in March. The Town, along with the State was unable to convince Nuance to keep the facility open and received its notice in August that the remaining workforce of 70 would lose their jobs by the end of September. The Town is working with the real estate investment trust, Rugby Realty, who purchased the property from Dictaphone in 2004 for \$5.1 million to secure another tenant for the 107,000 square foot, Class A facility. There are two interested prospects.

There were four property transfers over \$1 million in 2006. The first occurred in mid-January and involved the sale of 160 Avon Street for \$4 million to Rings End Lumber, a Darien based retail lumber, millwork and building specialty company. The 61,270 square foot building will be used as a distribution center for the expanding company. The second sale was for the former Miller's Provisions, a longtime Stratford meat wholesaler, that sold in mid-February for \$1,075,000. The new owners have demolished the 6,600 square foot building and reportedly signed an out-of-state bank to be housed on the site. The third sale occurred in mid-March and involved the sale of property at 1240 Stratford Avenue for \$1,500,000. The site is a 2,156 square foot gas station/convenience store. The fourth sale closed at the end of May and involved the 27,050 square foot industrial property at 260 Hathaway Drive, which sold for \$1,705,000 to Mr. Shower Door, a national franchise of shower enclosure products.

The transformation of a 25,800 square foot retail facility at 1100 Barnum Avenue is virtually completed. The site, which had been vacant for years after Shaw's Supermarket relocated to their new site at Stratford Crossing, has been repositioned and given new life compliments of the anchor tenant, Office Depot, along with Curves and Starbucks. The final tenant, Quiznos is expected to open by Fall 2006.

During the first half of 2006, a number of projects were under construction and/or nearing completion including: the 20,000 square foot Porter and Chester Technical Institute, a technical and vocational training school at 305 Hathaway Drive; the 44,856 square foot, 93-room new Comfort Inn and Suites on 1500 South Avenue; the 13,970 square foot Quick Clean Car Wash/Lube on 1747 Stratford Avenue; the 32,700 square foot Encon Heating and Air Conditioning at 1265 Woodend Road and a 20,000 square foot Class A office building at 6580 Main Street.

The Stratford residential market finished 2005 with a strong showing of 684 units sold, down slightly from 2004's record 711 units sold, but reflecting an 11% increase in average sales price of \$322,736. The time on market averaged 70 days per quarter. The 2006 first quarter results reveal a longer time on market to 90 days as well as a slight decrease in the number of units sold (126 versus 144 in 2005) and a 2% decrease in average sales price of \$316,928. The end of the second quarter statistics reveal a shorter time on market to 71 days and a greater reduction in the number of units sold (96 versus 211 in 2005) along with another 2% price decrease in the average sales price to \$310,857. Clearly, higher interest rates on fixed term mortgages and concerns over the increasing costs of good and services continue to influence the softening of the marketplace. It will likely take the posting of the third and fourth quarter statistics before one can conclusively state that the residential market has shifted.

The election of Stratford's first Mayor in November 2005 promised to raise the profile of economic development as all the candidates promoted its importance during the campaign. With the election of Mayor James R. Miron, that pledge has been put into action on two projects viewed as important components to Stratford's economic health and vitality. The first and foremost is the Stratford Army Engine Plant (SAEP), once Stratford's number two taxpayer and employer and empty since production ceased in 1997. Mayor Miron has met with the U.S. Army and Department of Defense and General Services Administration in order to move the transfer process forward and get the project back on track. He has engaged the services of a consultant to assist in this effort. Meetings have been held with the State Congressional staff and State representatives in order to explore options. The Town is hopeful of a transfer within the next two years.

The second project is the former Shakespeare Theater, which was turned over to the Town in 2005. Mayor Miron advocated moving forward with the development selection process begun in late 2005. The request for qualifications yielded four submissions, which was reduced to the two finalists. Koerner Kronenfield Partners, LLC of New York was selected. The firm is creating a nonprofit board of business people and theatre professionals and the names cited in their proposal represent an impressive group. In the most recent State budget session, the State earmarked \$200,000 for the theater in the Culture and Tourism budget. Hopefully, this will be the first of several appropriations in recognition of the prominence, which the Shakespeare Theater held in the theater world during the 1950's, 1960's and 1970's. The development of the facility into a destination theater is closer than it has been in many years.

Recent Town Operations

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

In November 2002, the Town Council formed a Charter Revision Commission to review the prospect of changing the Town's current form of government as defined by the Town Charter. In May 2003, the Charter Revision Commission produced a report to the Town Council recommending changing the Town's Charter to a Mayor-Council form of government. Subsequently, in November 2003, the electors of the Town approved a referendum authorizing the recommended changes to the Charter. A new Council and the Town's first Mayor were elected at the local election held in November 2005. For more information, please see "Charter Revision" under the "Town Organization" section below.

During the fiscal year ended June 30, 2006, the Town collected 98.3% of its current tax levy. This is the highest collection rate in over twenty years and the fourth consecutive year that collections reached at least 97.5%. Total collections including interest and lien fees for the year ending June 30, 2006 were \$121,816,833. Taxes receivable declined by \$1,102,091 to \$5,525,443 at June 30, 2006. In January 2006, the Tax Assessor's office implemented the Quality Data Tax System 2000. The Tax Collector's office went live on May 1, 2006. The new system will improve accuracy, timeliness and accountability across both departments. The system has improved process efficiency and provided collection capabilities previously unavailable to management.

In fiscal year 2002-03 the Town began budgeting and paying principal and interest payments on its Pension Obligation Bonds directly from the General Fund. The Pension Obligation Bonds were originally issued in 1998 to offset the Town's unfunded pension liability. For the three fiscal years following the issuance of the Pension Obligation Bonds, per the Town Ordinance authorizing the issuance of the Pension Obligation Bonds, the Town paid the debt service from excess assets in the Retiree Benefits Reserve Fund. The Town has since made these debt service payments from the General Fund during the past four fiscal years and will continue this practice going forward.

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

Town Organization

Charter Revision

On January 14, 2002, the Stratford Town Council by a majority vote established a Charter Revision Commission. The Commission was charged with answering the following questions: (1) "Shall the form of government for the Town of Stratford be changed from the Council Manager form to some other form of government?" and (2) "If the recommendation of the Commission is in the affirmative, what form of government should be adopted for the Town of Stratford?" In May 2003, the Commission completed its task by a supermajority vote, recommending a change in the form of government and by a majority vote to adopt a Mayor-Council form of government. In November 2003, the electors of the Town approved a referendum authorizing the recommended changes to the Town Charter.

On December 12, 2005, the Town's first Mayor James R. Miron, was sworn-in as the Chief Executive Officer (CEO) of the Town of Stratford. The Mayor is a full time, compensated, elected official with a term of four (4) years. The Mayor is recognized as the head of the Town, and appoints all department heads including the Town Attorney as well as citizens to commissions, prepares the budget, establishes criteria for evaluation of subordinates, and signs or vetoes legislation passed by the Town Council. This power includes the ability to veto a specific

line item within proposed operating budgets. The Mayor's attendance at all Town Council meetings is required, but the Mayor does not vote unless to break a tie vote of the Town Council. The office of Councilman-at-large has been eliminated, reducing the membership of the Town Council from eleven (11) members to ten (10). Additionally, a new position entitled Chief Administrative Officer (CAO) has been created as the successor to the current office of Town Manager. The Mayor appoints the CAO who assists the Mayor with operating and capital budget preparation, labor negotiation, and any other areas deemed appropriate by the Mayor. The CAO is required to have an education and background in public administration.

Policies and Practice

Cash Management

The Town's cash management policy has consistently been to maximize investment returns, the security of funds, and strategic cash flow management. The Town's investment practices have been to invest only in certificates of deposit, repurchase agreements, the State of Connecticut Short-Term Investment Funds (STIF), MBIA Class Investment Fund and the State of Connecticut Tax-Exempt Proceeds Funds, which are all consistent with the Connecticut General Statutes Section 7-400. Currently, the majority of the Town's available cash is invested short-term at a Qualified Public Depository. For long-term investments, the Town utilizes Customized Asset Management (CAM). All short-term investments are 102% collateralized based on Government Finance Officers Association (GFOA) recommendations.

Debt

During fiscal year 2005-06, the Town continued to pay principal and interest payments on its Pension Obligation Bonds directly from the General Fund. The 1998 bonds were issued to offset the Town's unfunded pension liability.

In December 2005, the Town issued \$7,365,000 in bonds to fund town drainage improvements, the library roof replacement, school computer labs and various other projects. In June 2006 the Town Council authorized the issuance of \$6,254,000 in general obligation bonds for town facilities, roads and sewers, parks and recreation and school improvement projects.

Risk Management

The Town is self insured for workers compensation and heart and hypertension benefits. Effective October 1, 1994, the Town purchased a medical insurance plan and is no longer self insured for medical benefits. Effective July 1, 2004, the Town purchased an excess workers compensation policy to cap its exposure from any one workers compensation claim to \$750,000. The Town contracts with Webster Insurance for third party administration of workers compensation claims. The Town also has a self-insured retention of the first \$500,000 of any claim for liability claims. Stratford has an active town wide safety and loss prevention program and is currently implementing improvements to its safety program and risk management procedures to further strengthen the Town's ability to avoid or minimize claims that fall within self-insured retentions.

Pension and Other Post-Employment Benefits

The Town provides certain health care and life insurance benefits, in accordance with union contracts, to all employees who retire. Post-employment benefits for Board of Education employees also vary by bargaining unit. Benefits for retirees (including the Board of Education) are 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 is in the process of developing a plan for the implementation of GASB standards 43/45 for Other Post-Employment Benefits and has contracted with Milliman, Inc., Consultants and Actuaries to conduct a full retiree medical valuation for all Town Departments and the Board of Education during the fiscal year ending June 30, 2007. Milliman has prepared a preliminary actuarial valuation of the Stratford Fire Department Other Post-Employment Benefits as of July 1, 2005. Implementation of GASB standards 43/45 is expected to begin in the fiscal year ending June 30, 2008.

Taxes

During the fiscal year ended June 30, 2006, the Town collected 98.3 % of its current tax levy. This is the highest collection rate in over twenty years and is the fourth consecutive year that collections reached at least 97.5%. As a result the balance of taxes receivable was reduced \$1,102,091 from \$6,627,534 to \$5,525,443 during the fiscal year. The Town adopted a 97.75% current tax collection rate in the FY2007 operating budget.

Certificate of Achievement

The Government Finance Officers Association of United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Stratford, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the 15th consecutive year that Stratford has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I would like to give special thanks to Susan Nicholson, Treasurer/Senior Accountant and all the finance department staff who worked many extra hours to assist with the preparation of this report.

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John G. Norko". The signature is written in a cursive style with a large initial "J" and "N".

John G. Norko
Director of Finance

Financial Section



Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033

INDEPENDENT AUDITORS' REPORT

The Honorable 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, 2006 which collectively comprise the Town'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stratford, as of June 30, 2006 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2006 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 49 through 53 are not a required part 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 26, 2006

A handwritten signature in black ink that reads "Aug + Doy, CPA". The signature is written in a cursive style with a large initial "A" and "D".

TOWN OF STRATFORD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS **FOR THE YEAR ENDED JUNE 30, 2006**

This discussion and analysis of the Town of Stratford, Connecticut's ("Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2006. 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. While net assets of our business-type activities increased by \$1.2 million, or 5.5 percent, net assets of our governmental activities decreased by \$6.3 million, or 34 percent.
- During the year, the Town had expenses that were \$6.3 million more than the \$168.8 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services decreased to \$6.8 million (or 6.5 percent) while operating expenses increased by 5.4 percent.
- Total cost of all of the Town's programs was \$181 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$8.2 million.
- The resources available for appropriation were \$1.6 million more than budgeted for the General Fund. Expenditures were \$836 thousand over spending limits.

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 Exhibit 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 Exhibit 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, is 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 (Exhibit 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 (Exhibit 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 (Exhibit 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 \$40.6 million to \$35.5 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						
<i>Net Assets</i>						
<i>(in thousands)</i>						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2006</u>	<u>2005*</u>	<u>2006</u>	<u>2005*</u>	<u>2006</u>	<u>2005*</u>
Current and other assets	\$155,132	\$160,722	\$ 7,418	\$ 8,416	\$162,550	\$169,138
Capital assets, net of depreciation	<u>125,065</u>	<u>123,018</u>	<u>21,702</u>	<u>19,028</u>	<u>146,767</u>	<u>142,046</u>
Total assets	<u>280,197</u>	<u>283,740</u>	<u>29,120</u>	<u>27,444</u>	<u>309,317</u>	<u>311,184</u>
Current liabilities	23,963	22,245	2,868	1,193	26,831	23,438
Long-term debt outstanding.	<u>244,292</u>	<u>243,266</u>	<u>2,678</u>	<u>3,907</u>	<u>246,970</u>	<u>247,173</u>
Total liabilities.....	<u>268,255</u>	<u>265,511</u>	<u>5,546</u>	<u>5,100</u>	<u>273,801</u>	<u>270,611</u>
Net assets:						
Invested in capital assets, net of debt	43,229	38,060	16,638	14,658	59,867	52,718
Restricted.....	2,771				2,771	
Unrestricted (deficit).....	<u>(34,058)</u>	<u>(19,831)</u>	<u>6,936</u>	<u>7,686</u>	<u>(27,122)</u>	<u>(12,145)</u>
Total net assets.....	<u>\$ 11,942</u>	<u>\$ 18,229</u>	<u>\$23,574</u>	<u>\$22,344</u>	<u>\$ 35,516</u>	<u>\$ 40,573</u>

*Restated – See Note 9 to financial statements

Net assets of the Town’s governmental activities decreased by 34 percent (\$11.9 million compared to \$18.2 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 a \$(19.8) million at June 30, 2005 to \$(34.1) million at the end of this year.

This change in unrestricted governmental net assets resulted primarily from the under funding of the Pension Fund, which resulted in an \$8.2 million increase in the net pension obligation. The net assets of business-type activities increased by 5.5 percent (\$23.6 million compared to \$22.3 million) in 2005. This increase, however, cannot be used to make up for the decrease reported in governmental activities. The Town generally can only use these net assets to finance the continuing operations of the enterprise fund.

Table 2
Changes In Net Assets
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,328	\$ 4,741	\$ 6,850	\$ 7,232	\$ 14,178	\$ 11,973
Operating grants and contributions	30,325	28,380			30,325	28,380
Capital grants and contributions	966	6,362	1,366	1,329	2,332	7,691
General revenues:						
Property taxes	120,955	118,321			120,955	118,321
Grants and contributions not restricted to specific purposes	3,099	3,948			3,099	3,948
Unrestricted investment earnings	5,939	8,989	281	172	6,220	9,161
Total revenues	<u>168,612</u>	<u>170,741</u>	<u>8,497</u>	<u>8,733</u>	<u>177,109</u>	<u>179,474</u>
Program expenses:						
Administration		11,164				11,164
General government	33,698				33,698	
Human development	7,671	7,993			7,671	7,993
Physical development	17,331	16,079			17,331	16,079
Public safety	20,302	23,734			20,302	23,734
Education	89,072	100,201			89,072	100,201
Interest expense	7,049	7,859			7,049	7,859
Waste operating			4,473	4,512	4,473	4,512
Short Beach Golf Course			406	357	406	357
Miniature Golf Course			24	24	24	24
Emergency Medical Services			1,074	909	1,074	909
Total program expenses	<u>175,123</u>	<u>167,030</u>	<u>5,977</u>	<u>5,802</u>	<u>181,100</u>	<u>172,832</u>
Funding reimbursement			(1,066)		(1,066)	
Excess (deficiency) before transfers	(6,511)		1,454		(5,057)	6,642
Transfers	224		(224)			
Change in net assets	<u>\$ (6,287)</u>	<u>\$ 3,711</u>	<u>\$1,230</u>	<u>\$2,931</u>	<u>\$ (5,057)</u>	<u>\$ 6,642</u>

The Town’s total revenues was \$177 million. The total cost of all programs and services was \$181 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 71.7 percent of the revenues were derived from property taxes; the remaining 28.3 percent of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$2.6 million over the prior year. Current tax collections totaled \$117.3 million or 98.3 percent of the levy. This is the highest collection rate in many years. Arrears taxes and interest collected were \$ 4.1 million. Unrestricted investment earnings were \$2.9 less than the prior year.
- Operating grants for governmental activities increased by \$1.9 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$20.3 million or 67 percent of the Operating grants total.

Increases in expenses closely paralleled inflation and growth in the demand for services except for the major cost increases experienced for petroleum based products particularly gasoline and heating oil.

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

Table 3 Governmental Activities (in thousands)		
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government.....	\$ 33,698	\$ 31,775
Public safety	20,302	18,520
Physical development.....	17,331	14,846
Education.....	89,072	59,868
Human development	7,671	5,176
All others	<u>7,049</u>	<u>6,318</u>
Totals	<u>\$175,123</u>	<u>\$136,503</u>

Business-type Activities

Business-type activities increased the Town's net assets by \$1.2 million. The key element was the Waste Operating Fund favorable operating results.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$129.5 million, an increase of \$258 thousand in comparison with the prior year. Approximately \$1.0 million is reserved for encumbrances, and \$106.6 million is reserved for future pension related costs.

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 \$8.2 million. Of this total fund balance, \$1.0 million is reserved for encumbrances, with the balance being designated for the emergency fund, future tax relief and miscellaneous small items.

The fund balance of the Town's General Fund decreased by \$762,787 during the current fiscal year. Key factors affecting the General Fund are as follows:

- The Town appropriated a planned use of fund balance up to \$1,661,500 for the 2006 fiscal year.
- During the year the Town experienced major cost increases for petroleum products particularly gasoline and heating oil. The Town also incurred significant unanticipated costs providing public safety services at the scene of a local strike.
- Property tax collections and investment earnings were very favorable throughout the fiscal year.

The Capital Improvement Fund has a fund balance of \$9.3 million at the end of the year, a decrease of \$1.4 million from the prior year. During fiscal 2006 the Town issued \$7.4 million worth of bonds for capital construction.

The Retiree Benefits Trust has a fund balance of \$106.6 million, an increase of \$2.4 million over the prior year. The Trust earned \$4.0 million in investment earnings during the fiscal year.

Other non-major governmental funds have a total fund balance of \$5.4 million, an increase of \$.1 million in the current 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 \$23.6 million at the end of 2006, increasing by approximately \$1.2 million from the previous year.

Unrestricted net assets of the Waste Operating Fund at the end of the year are \$6.2 million, 28.3 percent of total net assets of the fund. Other nonmajor activities have unrestricted net assets of \$.7 million or 44.7 percent of the total net assets. The total increase in net assets for all funds was \$1.2 million. 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

There were no significant differences between the original budget and the final amended budget. During the year revenues were under budgetary estimates by \$.1 million and expenditures were more than budgetary estimates by \$.8 million, thus creating a decrease to fund balance. There was a planned or appropriated use of fund balance of up to \$1.7 million, which was adopted through the budgeting process.

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, 2006 amounted to \$125.1 million and \$21.7 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 \$4.7 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 12,870	\$ 12,870			\$ 12,870	\$ 12,870
Land improvements	1,780	1,962	\$ 573	\$ 578	2,353	2,540
Buildings and improvements	89,059	83,470	5,140	3,754	94,199	87,224
Infrastructure	14,116	14,049	10,019	10,205	24,135	24,254
Machinery and equipment	6,724	7,006	2,463	2,412	9,187	9,418
Construction in progress	516	3,660	3,507	2,079	4,023	5,739
Totals	<u>\$125,065</u>	<u>\$123,017</u>	<u>\$21,702</u>	<u>\$19,028</u>	<u>\$146,767</u>	<u>\$142,045</u>

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

- Completion of the Flood School HVAC/Roof - \$5.1
- Completion of the Central Fire Station and Dispatch Center - \$.8
- Upgrade of the Water Pollution Control Facility - \$2.7

The Town's fiscal-year 2006-07 capital budget calls for it to spend another \$17.8 million for capital projects, principally for the following:

- Water Pollution Control Facility Upgrade \$11.1 million.
- School Improvement Projects \$1.9 million.
- Various Town wide improvement projects including roads, parks and a new animal control facility \$4.9 million.

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, 2006 the Town had \$158.9 million in bonds and notes outstanding versus \$164.7 million last year – a decrease of 3.5 percent – as shown in Table 5.

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
General obligation bonds .	\$155,782	\$161,078	\$ 893	\$1,187	\$156,675	\$162,265
Notes payable			2,208	2,449	2,208	2,449
Totals	<u>\$155,782</u>	<u>\$161,078</u>	<u>\$3,101</u>	<u>\$3,636</u>	<u>\$158,883</u>	<u>\$164,714</u>

New debt resulted mainly from a December 2005 bond sale of \$7.4 million for the following:

- Various Town Drainage projects - \$2.3 million
- School Computer Labs and Improvements - \$2.8 million
- Library Roof and Technology Improvements - \$.7 million
- Miscellaneous Town Improvements - \$1.6 million

The Town and its Water Pollution Control Authority both maintain an “A+” rating from Standard & Poor’s and an “A-I” rating from Moody’s for general obligation debt.

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 \$849.5 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 8 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 5.3 percent for calendar year 2005 down slightly from 5.4 percent in 2004. This also compares to the State’s annual average unemployment rate of 4.9 percent and the US rate of 5.1 percent.

All of these factors were considered in preparing the Town's budget for the 2005-06 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$7.2 million. In the 2006-07 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 money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, Town of Stratford, 2725 Main Street, Stratford, Connecticut 06615.

Basic Financial Statements

TOWN OF STRATFORD, CONNECTICUTSTATEMENT OF NET ASSETS
JUNE 30, 2006

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 26,917,793	\$ 5,757,592	\$ 32,675,385
Investments	106,515,916	983,500	107,499,416
Receivables, net	21,715,414	632,232	22,347,646
Internal balances	(40,476)	40,476	
Inventory and deferred charges	23,573	4,261	27,834
Capital assets:			
Assets not being depreciated.....	13,386,800	3,506,938	16,893,738
Assets being depreciated - net.....	111,677,913	18,195,461	129,873,374
Total assets	280,196,933	29,120,460	309,317,393
LIABILITIES:			
Accounts payable	7,514,235	334,906	7,849,141
Accrued liabilities	848,800	24,292	873,092
Unearned revenues	758,294	2,005	760,299
Bond anticipation notes		1,938,244	1,938,244
Noncurrent liabilities:			
Due within one year.....	14,842,167	568,178	15,410,345
Due in more than one year.....	244,291,547	2,678,876	246,970,423
Total liabilities	268,255,043	5,546,501	273,801,544
NET ASSETS:			
Investment in capital assets, net of related debt	43,228,695	16,638,174	59,866,869
Restricted for:			
Nonexpendable trust.....	2,771,034		2,771,034
Unrestricted.....	(34,057,839)	6,935,785	(27,122,054)
Total net assets	\$ 11,941,890	\$23,573,959	\$ 35,515,849

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 33,697,513	\$ 1,749,269	\$ 172,887		\$ (31,775,357)		\$ (31,775,357)
Human development	7,671,396	1,372,026	1,063,256	\$ 60,000	(5,176,114)		(5,176,114)
Physical development	17,331,240	987,085	929,601	568,539	(14,846,015)		(14,846,015)
Public safety	20,301,850	1,088,181	356,152	337,467	(18,520,050)		(18,520,050)
Education	89,071,646	2,132,217	27,071,327		(59,868,102)		(59,868,102)
Debt service	7,049,397		731,750		(6,317,647)		(6,317,647)
Total governmental activities	175,123,042	7,328,778	30,324,973	966,006	(136,503,285)		(136,503,285)
Business-type activities:							
Waste operation funds	4,473,072	5,513,648		1,365,292	\$ 2,405,868		2,405,868
Other nonmajor funds	1,503,996	1,336,424			(167,572)		(167,572)
Total business-type activities	5,977,068	6,850,072		1,365,292	2,238,296		2,238,296
Total	\$181,100,110	\$14,178,850	\$30,324,973	\$2,331,298	(136,503,285)	2,238,296	(134,264,989)
General revenues:							
Property taxes					120,954,879		120,954,879
Grants and contributions not restricted to specific programs					3,098,584		3,098,584
Unrestricted investment earnings					5,939,127	281,199	6,220,326
Total general revenues					129,992,590	281,199	130,273,789
Funding reimbursement						(1,066,209)	(1,066,209)
Transfers					223,500	(223,500)	
Total					130,216,090	(1,008,510)	129,207,580
Change in net assets					(6,287,195)	1,229,786	(5,057,409)
Net assets, July 1, 2005 - as restated					18,229,085	22,344,173	40,573,258
Net assets, June 30, 2006					\$ 11,941,890	\$23,573,959	\$ 35,515,849

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2006

	GENERAL	RETIREE BENEFITS TRUST	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>					
Cash and cash equivalents	\$ 8,832,597	\$ 2,794,044	\$11,651,197	\$3,639,955	\$ 26,917,793
Investments		103,279,664	983,500	2,252,752	106,515,916
Receivables, net	15,995,173	691,771	508,596	465,214	17,660,754
Inventories				23,573	23,573
Due from other funds	3,074,223		8,621	443,136	3,525,980
TOTAL.....	<u>\$27,901,993</u>	<u>\$106,765,479</u>	<u>\$13,151,914</u>	<u>\$6,824,630</u>	<u>\$154,644,016</u>
<u>L I A B I L I T I E S A N D F U N D B A L A N C E S</u>					
Liabilities:					
Accounts payable	\$ 3,077,456	\$ 201,300	\$ 571,395	\$ 324,414	\$ 4,174,565
Accrued liabilities	834,400			14,400	848,800
Deferred revenue	15,232,433		415,675	891,695	16,539,803
Due to other funds	509,371		2,843,711	213,374	3,566,456
Total liabilities.....	<u>19,653,660</u>	<u>201,300</u>	<u>3,830,781</u>	<u>1,443,883</u>	<u>25,129,624</u>
Fund balances:					
Reserved	1,016,686	106,564,179	127,377	23,573	107,731,815
Unreserved, reported in:					
General Fund.....	7,231,647				7,231,647
Special Revenue Funds.....				2,586,140	2,586,140
Capital Project Funds.....			9,193,756		9,193,756
Permanent Funds.....				2,771,034	2,771,034
Total fund balances.....	<u>8,248,333</u>	<u>106,564,179</u>	<u>9,321,133</u>	<u>5,380,747</u>	<u>129,514,392</u>
TOTAL.....	<u>\$27,901,993</u>	<u>\$106,765,479</u>	<u>\$13,151,914</u>	<u>\$6,824,630</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	125,064,713
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	19,836,169
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.....	(262,473,384)
Net assets of governmental activities	<u>\$ 11,941,890</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	GENERAL	RETIREE BENEFITS TRUST	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Property taxes and assessments	\$121,671,365		\$ 181,608		\$121,852,973
State and Federal governments	30,270,697		788,540	\$5,896,031	36,955,268
Department revenue	2,509,791			2,852,036	5,361,827
Licenses and permits	535,825			257,957	793,782
Investment income	1,355,784	\$ 3,996,538	362,431	224,374	5,939,127
Other	3,095,411			29,396	3,124,807
Total revenues	159,438,873	3,996,538	1,332,579	9,259,794	174,027,784
Expenditures:					
Current:					
General government:					
Administration	3,403,078				3,403,078
Contingency	3,498,503				3,498,503
Employee benefits	15,494,212	1,614,371			17,108,583
Finance	1,731,335				1,731,335
Human development	4,861,493			2,146,320	7,007,813
Physical development	10,814,176			602,541	11,416,717
Public safety	19,406,923			260,687	19,667,610
Education	80,837,801			6,022,437	86,860,238
Debt service:					
Principal retirements	12,190,421				12,190,421
Interest and other charges	7,562,929				7,562,929
Capital outlay	6,000		10,589,668	357,371	10,953,039
Total expenditures	159,806,871	1,614,371	10,589,668	9,389,356	181,400,266
Excess (deficiency) of revenues over expenditures.....	(367,998)	2,382,167	(9,257,089)	(129,562)	(7,372,482)
Other financing sources (uses):					
Bonds issued			7,365,000		7,365,000
Transfers in	253,500		246,400	401,889	901,789
Transfers out	(648,289)			(30,000)	(678,289)
Capital leases			42,083		42,083
Total other financing sources (uses)	(394,789)		7,653,483	371,889	7,630,583
Net change in fund balances.....	(762,787)	2,382,167	(1,603,606)	242,327	258,101
Fund balance, July 1, 2005.....	9,011,120	104,182,012	10,924,739	5,138,420	
Fund balance, June 30, 2006.....	\$ 8,248,333	\$106,564,179	\$ 9,321,133	\$5,380,747	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

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

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items

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 governmental funds

Change in net assets of governmental activities (Exhibit II)

TOWN OF STRATFORD, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF NET ASSETS
JUNE 30, 2006

	.....BUSINESS-TYPE ACTIVITIES.....		
	WASTE OPERATING FUNDS	OTHER NONMAJOR FUNDS	TOTAL
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 5,317,306	\$ 440,286	\$ 5,757,592
Investments	983,500		983,500
Receivables:			
Accounts and other	24,096	440,866	464,962
Special assessments	167,270		167,270
Due from other funds	61,291		61,291
Deferred charges	4,261		4,261
Total current assets	<u>6,557,724</u>	<u>881,152</u>	<u>7,438,876</u>
Capital assets:			
Assets not being depreciated	3,506,938		3,506,938
Assets being depreciated - net	<u>17,291,109</u>	<u>904,352</u>	<u>18,195,461</u>
Total capital assets	<u>20,798,047</u>	<u>904,352</u>	<u>21,702,399</u>
Total assets	<u>27,355,771</u>	<u>1,785,504</u>	<u>29,141,275</u>
LIABILITIES:			
Current:			
Accounts payable	274,868	60,038	334,906
Accrued wages and benefits	18,588	5,704	24,292
Unearned revenue		2,005	2,005
Due to other funds		20,815	20,815
Bond anticipation notes	1,938,244		1,938,244
Bonds payable	294,000		294,000
Serial and notes payable	244,989		244,989
Compensated absences	<u>17,159</u>	<u>12,030</u>	<u>29,189</u>
Total current liabilities	<u>2,787,848</u>	<u>100,592</u>	<u>2,888,440</u>
Noncurrent liabilities:			
Bonds payable	599,000		599,000
Serial and notes payable	1,963,118		1,963,118
Compensated absences	<u>68,638</u>	<u>48,120</u>	<u>116,758</u>
Total noncurrent liabilities	<u>2,630,756</u>	<u>48,120</u>	<u>2,678,876</u>
Total liabilities	<u>5,418,604</u>	<u>148,712</u>	<u>5,567,316</u>
NET ASSETS:			
Invested in capital assets, net of related debt	15,733,822	904,352	16,638,174
Unrestricted	<u>6,203,345</u>	<u>732,440</u>	<u>6,935,785</u>
Total net assets	<u>\$21,937,167</u>	<u>\$1,636,792</u>	<u>\$23,573,959</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	.....BUSINESS-TYPE ACTIVITIES.....		
	WASTE OPERATING FUNDS	OTHER NONMAJOR FUNDS	TOTAL
Operating revenues:			
Charges for services	\$ 5,513,648	\$1,336,424	\$ 6,850,072
Operating expenses:			
Operations and maintenance	3,691,549	1,452,986	5,144,535
Depreciation	692,723	51,010	743,733
Total operating expenses.....	4,384,272	1,503,996	5,888,268
Operating income (loss)	1,129,376	(167,572)	961,804
Nonoperating revenues (expense):			
Interest income	248,702	32,497	281,199
Interest expense	(88,800)		(88,800)
Funding reimbursement	(1,066,209)		(1,066,209)
Total nonoperating revenues (expense).....	(906,307)	32,497	(873,810)
Income (loss) before contributions	223,069	(135,075)	87,994
Capital contributions and transfers	1,365,292		1,365,292
Transfers out	(222,500)	(1,000)	(223,500)
Change in net assets.....	1,365,861	(136,075)	1,229,786
Total net assets, July 1, 2005 - as restated	20,571,306	1,772,867	22,344,173
Total net assets, June 30, 2006	\$21,937,167	\$1,636,792	\$23,573,959

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The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

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BUSINESS-TYPE ACTIVITIES.....		
	WASTE OPERATING FUNDS	OTHER NONMAJOR FUNDS	TOTAL
Cash flows from (to) operating activities:			
Cash received from customers and users	\$ 5,966,445	\$1,397,492	\$ 7,363,937
Cash payments to suppliers	(2,303,318)	(966,632)	(3,269,950)
Cash payments to employees	(1,243,232)	(568,815)	(1,812,047)
Net cash provided (used) by operating activities.....	2,419,895	(137,955)	2,281,940
Cash flows from (to) noncapital financing activities:			
Transfers to other funds	(222,500)	(1,000)	(223,500)
Cash flows from (to) capital and related financing activities:			
Principal payments on debt	668,834		668,834
Funding reimbursement	(1,066,209)		(1,066,209)
Interest paid on debt	(88,800)		(88,800)
Purchase of capital assets	(3,195,165)	(223,317)	(3,418,482)
Intergovernmental revenue	1,365,292		1,365,292
Net cash provided (used) by capital and related financing activities.....	(2,316,048)	(223,317)	(2,539,365)
Cash flows from (to) investing activities:			
Interest revenues	248,702	32,497	281,199
Sale of investments	3,970,516		3,970,516
Net cash provided (used) by investing activities.....	4,219,218	32,497	4,251,715
Net increase (decrease) in cash and cash equivalents	4,100,565	(329,775)	3,770,790
Cash and cash equivalents, July 1, 2005	1,216,741	770,061	1,986,802
Cash and cash equivalents, June 30, 2006	\$ 5,317,306	\$ 440,286	\$ 5,757,592
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$1,129,376	\$ (167,572)	\$ 961,804
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	692,723	51,010	743,733
Change in assets and liabilities:			
Decrease (increase) in accounts receivable and deferred charges	452,797	50,853	503,650
Decrease in due from other funds	593,512		593,512
Increase (decrease) in accounts payable and accrued expenses	(274,792)	52,911	(221,881)
Decrease (decrease) in due to other funds	(173,721)	(125,157)	(298,878)
Net cash provided by operating activities	\$2,419,895	\$ (137,955)	\$2,281,940

The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

	PENSION TRUST FUNDS	STUDENT ACTIVITIES AGENCY FUND
ASSETS:		
Cash and cash equivalents	\$ 224,434	\$316,664
Investments:		
Common stocks	2,569,782	
Mutual funds - open end	8,258,537	
Other receivables	<u>42,378</u>	
Total assets	11,095,131	<u>\$316,664</u>
LIABILITIES:		
Other liabilities	<u>42,379</u>	<u>\$316,664</u>
NET ASSETS:		
Held in trust for pension benefits	<u>\$11,052,752</u>	

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The accompanying notes are an integral part of these financial statements.

TOWN OF STRATFORD, CONNECTICUTFIDUCIARY FUNDSTATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2006

Additions:	
Contributions:	
Plan members	\$ 5,213,692
Employer	<u>1,906,183</u>
Total contributions	7,119,875
Investment income:	
Net appreciation in fair value of investments... \$	923,731
Interest and dividends	<u>108,607</u>
Total	1,032,338
Less investment expense	<u>(66,904)</u>
Net investment income	<u>965,434</u>
Total	<u>8,085,309</u>
Deductions:	
Benefits	12,073,924
Other	<u>460,425</u>
Total	<u>12,534,349</u>
Net increase (decrease)	(4,449,040)
Net assets held in trust for pension benefits, July 1, 2005 - as restated	<u>15,501,792</u>
Net assets held in trust for pension benefits, June 30, 2006 ...	<u><u>\$11,052,752</u></u>

The accompanying notes are an integral part
of these financial statements.

TOWN OF STRATFORD, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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, has 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 changes in net assets) 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.

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund - the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

Special Revenue Funds - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

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

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Enterprise Funds - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Waste Water Operating Fund, Emergency Medical Services, Short Beach Golf Course, and Miniature Golf Course Fund are the Town's enterprise funds.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Funds - accounts for the Defined Benefit and Defined Contribution Fund.

Agency Fund - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Student Activity Fund is the Town's only agency fund.

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 and 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, and claims and judgments, 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 Retirement Benefit Trust Fund is used to account for investment earnings to pay future pension costs.

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

The Agency Funds account for monies held as a custodian for outside groups and agencies.

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's 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.

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 4.

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 non-current 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 June.

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.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$262,473,384 difference are as follows:

Bonds payable	\$155,782,000
Accrued interest on bonds payable	3,339,670
Capital leases payable	39,018
Net pension obligation	83,328,344
Claims and judgments	600,000
IBNR claims	5,977,000
Landfill monitoring closure and postclosure costs	4,600,000
Compensated absences	8,586,164
Unamortized bond premiums	<u>221,188</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u><u>\$262,473,384</u></u>

Another element of that reconciliation explains that “long-term assets are not available to pay for current period expenditures and therefore, are not reported in the fund”.

The details of the \$19,836,169 difference consisting of receivables are as follows:

Property taxes	\$ 4,504,387
Assessments	414,892
Accrued interest on taxes receivable	4,054,660
School construction - state aid receivable	10,728,046
Housing loans	<u>134,184</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$19,836,169</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$2,046,836 difference are as follows:

Capital outlay	\$ 8,067,068
Depreciation expense	<u>(6,020,232)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,046,836</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$5,451,755 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (7,365,000)
Capital leases	(42,083)
Amortization of premiums	173,791
Principal repayments:	
General obligation debt	12,661,000
Payment to capital lease	<u>24,047</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,451,755</u>

Another element of that reconciliation states that “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 governmental funds”. The details of this \$10,209,202 difference are as follows:

Compensated absences	\$ 224,816
Accrued interest on bonds payable	130,838
Landfill	815,000
Net pension obligation	8,261,548
IBNR	<u>777,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$10,209,202</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

General Fund

The Town’s general budget policies are as follows:

Not later than three months before the beginning of the next fiscal year, the Mayor prepares and submits to the Town Council an annual budget 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 June 1, 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. There were no supplemental appropriations approved for the budget year ended June 30, 2006.

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, 2006:

	<u>Amount</u>
Miscellaneous Grants	\$89,315**
Recycling	\$63*

*Deficit will be eliminated through future revenues.

**Deficit will be eliminated through a transfer from the General Fund.

4. 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 does 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.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2006.

Deposits:	
Demand accounts (including interest bearing accounts) ..	\$19,396,322
Petty cash.....	3,295
Cash equivalents:	
Wachovia Securities.....	3,018,477
Pooled and mutual funds.....	160,296
State Tax Exempt Proceeds Fund	9,458
MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS).....	<u>10,628,635</u>
TOTAL CASH AND CASH EQUIVALENTS.....	<u>\$33,216,483</u>

Deposits

At June 30, 2006 the carrying amount of the Town deposits was \$19,396,322 and the bank balance was \$20,228,468.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2006 bank balance, \$410,866 was covered by Federal Depository Insurance. 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. A minimum of \$2,021,760, based on June 30, 2006 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The Town has entered into custodial credit risk agreements to collateralize significant balances that are not included in the previously mentioned provisions.

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, 2006 the Town’s cash equivalents amounted to \$13,816,866. 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>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund (TEPF).....	*
MBIA, Inc. – Cooperative Liquid Assets Securities System (CLASS)	AAAm

*Not rated

B. Investments

Investments as of June 30, 2006 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
U.S. government obligations.....	\$ 22,760,932	2.60
Corporate bonds.....	18,226,328	2.08
Other fixed income	2,711,226	.84
Other Investments:		
Common stock	16,016,843	
Pooled open-end mutual fund accounts:		
Pension Trust Funds	8,258,537	
Retiree Benefits Trust.....	50,208,982	
Permanent Funds	<u>144,887</u>	
 TOTAL.....	 <u>\$118,327,735</u>	
 Portfolio weighted average maturity for interest bearing investments		 2.27

*Subject to coverage by Federal Depository Insurance and collateralization as described under “Deposits” above.

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. The following table provides a summary of the Town’s investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Moody’s Investor Service</u>
Corporate bonds:	
AAA to AA-.....	35%
A+ to A-.....	60%
BBB+ to BBB-.....	5%
Other fixed income	AAA

Concentration of Credit Risk – The Town’s investment policy does not allow for an investment in any one issuer that is in excess of five percent 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. At June 30, 2006, 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.

5. 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>Retiree Benefits</u>	<u>Capital Improvements</u>	<u>Waste Operating</u>	<u>Pension Trust</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 5,525,443						\$ 5,525,443
Accounts and other.....	48,335	\$691,771	\$ 10,641	\$ 24,096	\$42,378	\$ 764,653	1,581,874
Special assessments			414,892	167,270			582,162
Intergovernmental.....	11,071,395		83,063			320,218	11,474,676
Gross receivables.....	16,645,173	691,771	508,596	191,366	42,378	1,084,871	19,164,155
Less: allowance for uncollectibles.....	650,000					178,791	828,791
Net total receivables	<u>\$15,995,173</u>	<u>\$691,771</u>	<u>\$508,596</u>	<u>\$191,366</u>	<u>\$42,378</u>	<u>\$ 906,080</u>	<u>\$18,335,364</u>

Note: Does not include accrued interest on property taxes of \$4,054,660.

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	\$ 4,504,387	
Special assessments not yet due	414,892	
School building grants	10,728,046	
Housing loans	134,184	
Other		\$ 2,788
Grant drawdowns and other revenues received prior to meeting all eligibility requirements.....		<u>757,511</u>
Total deferred/ unearned revenue for governmental funds.....	<u>\$15,781,509</u>	<u>\$760,299</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 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	\$ 12,870,506			\$ 12,870,506
Construction in progress	3,660,323	\$ 330,186	\$3,474,215	516,294
Total capital assets, not being depreciated.....	<u>16,530,829</u>	<u>330,186</u>	<u>3,474,215</u>	<u>13,386,800</u>
Capital assets, being depreciated:				
Land improvements.....	4,599,747	102,047		4,701,794
Buildings and improvements.....	118,808,694	8,191,936		127,000,630
Machinery and equipment.....	24,498,486	1,485,678	34,800	25,949,364
Infrastructure	78,645,293	1,431,436		80,076,729
Total capital assets being depreciated.....	<u>226,552,220</u>	<u>11,211,097</u>	<u>34,800</u>	<u>237,728,517</u>
Less accumulated depreciation for:				
Land improvements.....	2,637,702	283,761		2,921,463
Buildings and improvements.....	35,338,462	2,603,420		37,941,882
Machinery and equipment.....	17,492,979	1,767,177	34,800	19,225,356
Infrastructure	64,596,029	1,365,874		65,961,903
Total accumulated depreciation	<u>120,065,172</u>	<u>6,020,232</u>	<u>34,800</u>	<u>126,050,604</u>
Total capital assets, being depreciated, net	<u>106,487,048</u>	<u>5,190,865</u>		<u>111,677,913</u>
Governmental activities capital assets, net.....	<u>\$123,017,877</u>	<u>\$ 5,521,051</u>	<u>\$3,474,215</u>	<u>\$125,064,713</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,078,973	\$1,522,942	\$(94,977)	\$ 3,506,938
Capital assets, being depreciated:				
Land improvements.....	2,265,834	7,800		2,273,634
Buildings and improvements.....	8,231,546	1,558,726		9,790,272
Machinery and equipment.....	12,337,836	285,039		12,622,875
Infrastructure.....	20,829,760	138,953		20,968,713
Total capital assets, being depreciated.....	43,664,976	1,990,518		45,655,494
Less accumulated depreciation for:				
Land improvements.....	1,688,215	12,456		1,700,671
Buildings and improvements.....	4,477,081	173,587		4,650,668
Machinery and equipment.....	9,926,007	233,145		10,159,152
Infrastructure.....	10,624,997	324,545		10,949,542
Total accumulated depreciation	26,716,300	743,733		27,460,033
Total capital assets, being depreciated, net	16,948,676	1,246,785		18,195,461
Business-type activities capital assets, net	\$19,027,649	\$2,769,727	\$(94,977)	\$21,702,399

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

Governmental activities:	
General Government.....	\$ 281,431
Human Development	362,027
Physical Development	1,835,394
Public Safety	631,170
Education	2,910,210
Total depreciation expense - governmental activities	<u>\$6,020,232</u>
Business-type activities:	
Waste Operating	\$692,723
Short Beach Golf Course	9,817
Miniature Golf Course	11,683
Emergency Medical Services.....	<u>29,510</u>
Total depreciation expense - business-type activities	<u>\$743,733</u>

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2006, 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	\$3,074,223	\$ 509,371
Special Revenue Funds:		
Community Development		106,468
Railroad Property		9
Miscellaneous Grants		86,409
Department of Child and Family Services.....		17,941
Recreation		2,011
Dog Fund	625	
Harbor Management		350
Senior Citizens.....		186
Reserve Fund	442,511	
Capital Projects Funds:		
Capital Improvement	112,630	
Capital Special Projects		1,911,571
Sidewalk and Road	50	15,749
Sewer Revolving.....	4,895	
Water Hookup.....		240,696
Capital Equipment		784,649
Enterprise Funds:		
Waste Operating	61,291	
Emergency Medical Services		1,971
Short Beach Golf Course		3,613
Miniature Golf		15,231
	<hr/>	<hr/>
TOTAL.....	<u>\$3,696,225</u>	<u>\$3,696,225</u>

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

Interfund transfers:

	.....Transfer In.....			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer out:				
General Fund		\$246,400	\$401,889	\$648,289
Waste Operating Fund	\$222,500			222,500
Nonmajor Governmental Fund	30,000			30,000
Nonmajor Enterprise Fund	1,000			1,000
		<hr/>		
TOTAL.....	<u>\$253,500</u>	<u>\$246,400</u>	<u>\$401,889</u>	<u>\$901,789</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006, 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.....	\$161,078,000	\$ 7,365,000	\$12,661,000	\$155,782,000	\$13,112,000
Deferred amounts:					
Issue premiums.....	394,979		173,791	221,188	
<hr/>					
Total bonds and notes payable.....	161,472,979	7,365,000	12,834,791	156,003,188	13,112,000
Capital leases	20,982	42,083	24,047	39,018	12,933
Claims and judgments.....	600,000			600,000	
Compensated absences.....	8,361,348	224,816		8,586,164	1,717,234
Landfill monitoring closure and postclosure costs	3,785,000	815,000		4,600,000	
Net pension obligation.....	75,066,796	8,261,548		83,328,344	
Risk management.....	5,200,000	777,000		5,977,000	
<hr/>					
Governmental activity long-term liabilities	\$254,507,105	\$17,485,447	\$12,858,838	\$259,133,714	\$14,842,167
<hr/>					
Business-type activities:					
Bonds payable:					
General obligation bonds	\$1,187,168		\$294,168	\$ 893,000	\$294,000
Notes payable.....	2,448,512		240,405	2,208,107	244,989
Compensated absences....	140,000	\$5,947		145,947	29,189
<hr/>					
Business-type activity long-term liabilities.....	\$3,775,680	\$5,947	\$534,573	\$3,247,054	\$568,178
<hr/>					

Net pension obligation

The net pension obligation, the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The pension obligation is recorded as a noncurrent liability in the government-wide financial statements.

As of June 30, 2006, the outstanding general obligation bonded indebtedness of the Town recorded in the governmental activities was as follows:

	<u>Outstanding Amount</u>
School bonds with interest rates ranging from 2.5% to 7.0% and varying expiration dates ranging from March 2006 to August 2020	\$ 56,168,680
Public improvement bonds with interest rates ranging from 2.5% to 9.5% and varying expiration dates ranging from April 2006 to August 2020	25,628,320
General obligation pension bonds with interest rates ranging from 6.0% to 6.7% and varying expiration dates to February 2018.....	<u>73,985,000</u>
TOTAL	<u><u>\$155,782,000</u></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>
2007.....	\$ 13,112,000	\$ 8,504,021	\$21,616,021
2008.....	14,648,000	7,548,031	22,196,031
2009.....	10,657,000	6,810,634	17,467,634
2010.....	10,937,000	6,260,307	17,197,307
2011.....	11,223,000	5,689,842	16,912,842
2012-2016	56,361,000	19,433,740	75,794,740
2017-2021	32,885,000	4,498,331	37,383,331
2022-2026	5,959,000	400,202	6,359,202
TOTAL.....	<u><u>\$155,782,000</u></u>	<u><u>\$59,145,108</u></u>	<u><u>\$214,927,108</u></u>

The State of Connecticut reimburses the Town for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2006 was approximately \$3.0 million. Additional payments for bond principal aggregating approximately \$10.7 are expected to be received through the bonds' maturity dates.

Compensated Absences

Included in the Long-Term Liabilities is the estimated obligation for employee compensated absences which has not become due, aggregating \$8,586,000 as of June 30, 2006.

Bond Authorizations

Bonds authorized but unissued at June 30, 2006 are as follows:

General purpose	\$55,118,653
Schools	1,940,875
Sewers	<u>2,000,000</u>
 TOTAL	 <u>\$59,059,528</u>

Capital Leases Obligations

Future minimum lease payments are as follows:

2007	\$ 16,451
2008	16,451
2009	14,039
2010	<u>7,027</u>
 Total	 53,968
Less amount representing interest	<u>(14,950)</u>
 TOTAL	 <u>\$ 39,018</u>

Business-type Activity Obligations

At June 30, 2006, long-term debt in the Waste Operating Enterprise Fund consists of the following:

General obligation sewer bonds with interest rates ranging from 3.2% to 12.75% and varying expiration dates ranging from 2007 to 2020	\$ 893,000
 Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2015.....	 <u>2,208,107</u>
 TOTAL	 <u>\$3,101,107</u>

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

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007.....	\$ 538,989	\$ 69,761	\$ 608,750
2008.....	578,934	50,946	629,880
2009.....	254,979	31,938	286,917
2010.....	260,125	26,792	286,917
2011.....	265,376	21,541	286,917
2012-2016	<u>1,202,704</u>	<u>33,140</u>	<u>1,235,844</u>
TOTAL.....	<u>\$3,101,107</u>	<u>\$234,118</u>	<u>\$3,335,225</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:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$273,046	\$25,631	\$247,415
Schools	\$546,093	\$45,478	\$500,615
Sewers	\$455,077	\$54,999	\$400,078
Urban renewal	\$394,400		\$394,400
Pension deficit.....	\$364,062	\$73,985	\$290,077

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 (\$849.5).

9. NET ASSETS/FUND BALANCES

Reservations and Designations

Descriptions of the various reservations and designation of the Town's fund equity accounts are as follows:

- . Reserved for Encumbrances - to segregate a portion of fund balance for expenditure upon vendor performance.
- . Reserved for Inventory - to segregate an amount equal to the inventory in the asset section of the balance sheet.
- . Designated for Subsequent Year - to segregate a portion of fund balance designated by the Town for subsequent year's budgeted expenditures.

Restatements

Previously reported balances of net assets/fund balances as of June 30, 2005 have been restated as follows:

Net Assets - Governmental Activities

Net assets - as previously reported	\$15,145,958
Workers' compensation liabilities - use of non-discounted value	1,435,930
Special assessments - not reported on accrual basis of accounting.....	397,197
Accrued interest on property taxes receivable - calculation error.....	<u>1,250,000</u>
Net assets - as restated.....	<u>\$18,229,085</u>

Net Assets – Business-type Activities

Net assets - as previously reported	\$23,387,628
Sewer use billing adjustment of revenue recognition period	<u>(1,043,455)</u>
Net assets - as restated.....	<u>\$22,344,173</u>

Net Assets – Fiduciary Funds

Net assets - as previously reported	\$16,719,381
Removal of employee benefit assets for which Town is not trustee	<u>(1,217,589)</u>
Net assets - as restated.....	<u>\$15,501,792</u>

10. 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</u> <u>Year</u> <u>Ended</u>	<u>Claims</u> <u>Payable</u> <u>July 1</u>	<u>Paid</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Payable</u> <u>June 30</u>
2006	\$5,410,000	\$777,000	\$6,187,000
2005	\$4,225,000	\$1,185,000	\$5,410,000

At June 30, 2006, \$210 thousand is expected to be paid from current resources recorded as an accrued liability on the fund financial statements, and approximately \$5.98 million is recorded as a noncurrent liability on the statement of net assets.

11. 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 \$600,000 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 seventeen other Connecticut municipalities (the eighteen constituting the "Contracting Municipalities"), in the Greater Bridgeport Resources Recovery System (the "System").

Under the Service Agreement, the Town is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 23,000 tons per year and to pay a uniform per ton disposal service payment (the "Service Payment"). The current fee is \$74 per ton. The aggregate minimum commitment of the eighteen Contracting Municipalities is 400,000 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its proportionate share of the shortfall of the aggregate minimum commitment (even if it did deliver its full portion).

Service payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the Town, whether or not such solid waste is processed at the facility. The Town has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Service Payments.

If any Contracting Municipality shall default in the payment of any Service Payments, the other Contracting Municipalities shall pay their share of the amounts unpaid by the nonpaying Contracting Municipality.

12. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing benefits described in Note 14, the Town provides certain healthcare and life insurance benefits, in accordance with union contracts, to all employees who retire. For Town employees (including all bargaining units) the Town pays 100% of the premium for the retiree through age 64 and 50% of the premium for dependents for Anthem Blue Care. Many retirees are also under the traditional Blue Cross plans. Upon the retiree's attainment of age 65, the Town continues to pay 100% of the premium for the retiree and 50% of the premium for the spouse. The Town presently offers a choice of two plans as a Medicare supplement, Anthem Blue Cross/Blue Shield (high option) or SmartChoice with HealthNet.

Town retirees are also provided with life insurance upon retirement. The amount of insurance depends on the employees retirement date and union affiliation.

Postemployment benefits for Board of Education employees also vary by bargaining unit. For most qualifying retirees who have reached age and years of service qualifications, the Board of Education pays 50% of the premium for retirees for Oxford Health Plans major medical. The retiree must pay 100% of the cost for dependent coverage. The retiree may also choose to be covered under approved HMO coverage. After age 65, the Board of Education pays 50% of the cost for retirees for Medicare Part B, Blue Cross Major Medical Plan 92 and Blue Shield Plan 82 or the equivalent. The retiree must pay 100% of the cost for dependent coverage.

For retirees under age 65, currently the Board provides a term life insurance policy in the amount of \$15,000 for many bargaining unit employees. Members of the Stratford Education Association also receive payment for 50% of the premiums for dental coverage.

Benefits for Town retirees (including the Board of Education) are funded by the Town on a “pay-as-you-go” basis. Substantially all of the Town’s employees may become eligible for those benefits as they reach normal retirement or disability while working for the Town before attaining the age of 65.

13. 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 thirty years after closure. The estimated total current cost of the landfill closure and postclosure care, aggregating approximately \$4.6 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, 2006. 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.

14. 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, 2005, the date of the most recent actuarial valuation, membership consisted of:

Retirees and beneficiaries:	
Currently receiving benefits	507
Vested, benefits deferred.....	28
Current employees:	
Vested	351
Nonvested	<u>92</u>
TOTAL	<u>978</u>

The Town covers all full-time salaried Town employees, non-certified 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.

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% (2.0% for firefighters) of average compensation during the 24 (36 for firefighters) months immediately prior to retirement multiplied by up to 35 years of service. However, actual experience shows that approximately 55% of police and firefighters retire at 66-2/3% of compensation, i.e., the in-line-of-duty disability benefit. Employees are required to contribute 8% of their salaries to the defined benefit plan, except for firefighters who contribute 6%. 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, 2006 were as follows:

Annual required contribution.....	\$11,651,536
Interest on net pension obligation.....	6,193,011
Adjustment to annual required contribution.....	<u>(4,742,059)</u>
Annual pension cost.....	13,102,488
Contributions made.....	<u>4,840,940</u>
Increase in net pension obligation	8,261,548
Net pension obligation, July 1, 2005	<u>75,066,796</u>
Net pension obligation, June 30, 2006*.....	<u><u>\$83,328,344</u></u>

* The net pension obligation does not include the proceeds from the general obligation pension bond issue of August 1998. However, both Connecticut General Statutes as well as the Bond Ordinance, under which the pension bonds were issued, require the pension bond assets be reserved in trust to discharge the actuarial accrued liability of the defined benefit plan. The assets from the pension obligation bonds are segregated in a major governmental fund, and under accounting principles generally accepted in the United States of America purposes, are not considered a contribution until actually contributed into the defined benefit pension plan.

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

Actuarial cost method.....	Aggregate Entry Age
Amortization method.....	Level Percent of Payroll, Closed
Remaining amortization period	24 years
Asset valuation method	Fair value
Investment rate of return	8.25% per annum
Retirement:	
Police	Later of age 55 and 25 years of service or 30 years of service
Fire.....	Later of age 55 and 30 years of service
All others	Later of age 63 and 10 or 35 years of service
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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$13,102,488	36.9%	\$83,328,344
6/30/05	12,605,672	34.0	75,066,796
6/30/04	10,771,725	26.0	66,684,624

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/06	\$11,651,536	41.5%
6/30/05	10,535,184	40.0
6/30/04	8,710,077	32.0
6/30/03	6,527,819	0.0
6/30/02	6,527,819	67.0
6/30/01	6,527,819	44.8

Although the assets derived from the proceeds of the 1998 pension obligation bond issue are not considered in the trend information above, the Town includes these assets when determining their annual contribution as required by Town ordinance. The Town's contributions required and made under the ordinance are presented below:

<u>Year</u>	<u>Ordinance Calculated Contribution</u>	<u>Required Percentage Contributed</u>
2006	\$4,840,940	100%
2005	4,233,500	100%
2004	2,796,985	100%

F. Pension Plan Required Supplementary Information

**Schedule of Funding Progress
(thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/04	\$20,649	\$191,851	\$171,202	10.8%	\$24,130	709.5%
7/1/03	23,498	181,840	158,342	13.0	24,931	635.0
7/1/02	29,566	167,557	137,991	17.6	24,469	559.3
7/1/01	33,741	157,494	123,753	21.4	24,598	503.1
7/1/00	39,868	140,423	100,555	28.4	29,298	343.4
7/1/99	37,687	131,638	93,951	28.6	26,556	353.8

The Schedule of Funding Progress above excludes the following net assets in the Retire Benefits Fund:

June 30, 2006	\$106,564,179
June 30, 2005	\$104,182,012
June 30, 2004	\$97,879,878
June 30, 2003	\$90,760,727
June 30, 2002	\$88,791,186
June 30, 2001	\$102,825,833

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 5 years of service with the Town. Plan investments are reported at fair value.

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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five 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 approximately \$5,376,126 for the year ended June 30, 2006.

Required Supplementary
Information

TOWN OF STRATFORD, CONNECTICUTGENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Property taxes:				
Current levy.....	\$118,185,761	\$118,185,761	\$117,300,877	\$ (884,884)
Arrears.....	2,304,000	2,304,000	2,688,239	384,239
Interest and lien fees.....	852,400	852,400	1,459,143	606,743
Payments in lieu of taxes.....	222,900	222,900	223,106	206
Total property taxes.....	121,565,061	121,565,061	121,671,365	106,304
Intergovernmental revenues:				
State:				
Education equalization grant	16,761,200	16,761,200	16,498,857	(262,343)
School bond principal	3,074,700	3,074,700	3,024,340	(50,360)
School bond interest	731,700	731,700	731,750	50
Special education	731,800	731,800	927,766	195,966
State Adult Education Grant	73,000	73,000		(73,000)
Veterans' additional relief	132,200	132,200	127,250	(4,950)
Aid for the blind	35,000	35,000	35,398	398
In lieu of State property tax	309,500	309,500	332,323	22,823
Health and welfare	63,200	63,200	79,746	16,546
State Disability Exemption	12,000	12,000	8,503	(3,497)
Elderly exemption and circuit breaker	694,000	694,000	658,360	(35,640)
Elderly freeze	35,000	35,000	1,970	(33,030)
State Transportation	578,000	578,000	620,685	42,685
State Nonpublic Transportation	72,600	72,600	79,746	7,146
State Telephone 86-178	413,100	413,100	269,955	(143,145)
In lieu of boat tax	49,700	49,700	49,670	(30)
Manufacturing pilot grant	1,155,500	1,155,500	959,069	(196,431)
Airplane registration	50,000	50,000	36,560	(13,440)
Mashantucket Grant	282,300	282,300	263,311	(18,989)
State revenue sharing	200,000	200,000		(200,000)
Total State	25,454,500	25,454,500	24,705,259	(749,241)
Federal:				
Civil preparedness	1,200	1,200	1,200	
Federal grants			188,112	188,112
Total Federal	1,200	1,200	189,312	188,112
Total intergovernmental revenues.....	25,455,700	25,455,700	24,894,571	(561,129)

TOWN OF STRATFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Departmental revenues:				
Town Clerk.....	\$ 1,384,000	\$ 1,397,800	\$ 1,560,802	\$ 163,002
Police Department.....	58,100	58,100	42,081	(16,019)
Planning and zoning.....	64,500	64,500	78,665	14,165
Health Department.....	166,300	166,300	181,746	15,446
Education.....	53,500	53,500	54,384	884
Public works.....	17,000	17,000	16,161	(839)
Finance.....	3,000	3,000	63,856	60,856
Recreation.....	142,300	142,300	167,001	24,701
Sanitation.....	240,000	240,000	298,376	58,376
Inland Wetlands.....	5,000	5,000	39,670	34,670
Baldwin Center.....	3,500	3,500	7,049	3,549
Total departmental revenues.....	2,137,200	2,151,000	2,509,791	358,791
Licenses and permits:				
Building permits.....	300,000	300,000	484,032	184,032
Boothe Memorial Park income.....	45,000	45,000	31,693	(13,307)
Building education training fee.....	600	600	370	(230)
Public Works licenses.....	1,400	1,400	1,550	150
Street and sewer permits.....	3,500	3,500	18,180	14,680
Total licenses and permits.....	350,500	350,500	535,825	185,325
Investment income.....	550,000	550,000	1,355,784	805,784
Other:				
Miscellaneous.....			20,169	20,169
Rental:				
Cell Tower rentals.....	48,600	48,600	49,892	1,292
Other Baldwin rental.....	2,000	2,000	8,671	6,671
Medicare reimbursement.....	70,000	70,000	59,259	(10,741)
EMS reimbursement.....	336,300	336,300	336,300	
Health reimbursements.....	1,165,500	1,165,500	1,145,069	(20,431)
Social Security reimbursements.....	309,500	309,500	301,293	(8,207)
Fire and liability reimbursements.....	235,000	235,000	228,676	(6,324)
Fire administration miscellaneous revenue.....			168	168
Medical examination reimbursements.....	20,000	20,000	20,730	730
Workers' compensation reimbursement.....	100,000	100,000	142,501	42,501
Workers' compensation recovery.....			32,807	32,807
Library refunds and reimbursements.....	4,000	4,000	11,083	7,083

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(Continued) - 2.

TOWN OF STRATFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Other (continued):				
Insurance recovery.....			\$ 6,600	\$ 6,600
Historic Commission fees.....			210	210
Plan forfeits.....			300	300
Police special duty - administration.....	\$ 51,000	\$ 51,000	41,108	(9,892)
Police special duty - reimbursement.....			625,354	625,354
Boothe Estates.....	60,000	60,000	65,221	5,221
Total other.....	2,401,900	2,401,900	3,095,411	693,511
Total revenues.....	152,460,361	152,474,161	154,062,747	1,588,586
Other financing sources:				
Transfers in.....	253,500	253,500	253,500	
TOTAL.....	<u>\$152,713,861</u>	<u>\$152,727,661</u>	154,316,247	<u>\$1,588,586</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			5,376,126	
Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....			<u>\$159,692,373</u>	

TOWN OF STRATFORD, CONNECTICUTGENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Administration:				
Council Clerk	\$ 51,400	\$ 51,400	\$ 50,574	\$ 826
Town Manager	206,400	206,400	269,420	(63,020)
Human resources	318,600	318,600	374,875	(56,275)
Town Attorney	835,200	835,200	1,259,076	(423,876)
Department of Planning	290,800	290,800	295,007	(4,207)
Registrar of Voters	184,100	184,100	197,129	(13,029)
Town Clerk	343,300	357,100	358,163	(1,063)
Town buildings	401,800	401,800	487,031	(85,231)
Agencies	121,600	121,600	111,803	9,797
Total	<u>2,753,200</u>	<u>2,767,000</u>	<u>3,403,078</u>	<u>(636,078)</u>
Contingency	<u>3,793,650</u>	<u>3,793,650</u>	<u>3,644,989</u>	<u>148,661</u>
Employee benefits	<u>24,653,500</u>	<u>24,653,500</u>	<u>24,608,401</u>	<u>45,099</u>
Finance:				
Administration	139,000	139,000	105,431	33,569
Accounting	330,200	330,200	305,822	24,378
Data processing	381,200	381,200	372,084	9,116
Purchasing	93,600	93,600	156,762	(63,162)
Tax Assessor	389,900	389,900	394,495	(4,595)
Tax Collector	417,800	417,800	396,741	21,059
Total	<u>1,751,700</u>	<u>1,751,700</u>	<u>1,731,335</u>	<u>20,365</u>
Human development:				
Community services	494,900	244,311	245,117	(806)
Economic Community Development	161,400	161,400	154,570	6,830
Health Department	614,900	614,900	654,879	(39,979)
Recreation Department	590,800	590,800	616,762	(25,962)
Senior Services	494,000	494,000	524,804	(30,804)
Sterling House	106,200	106,200	106,200	
Stratford Library Association	2,383,100	2,383,100	2,388,470	(5,370)
Visiting Nurses Association	52,000	52,000	52,000	
Short Beach	130,300	130,300	118,691	11,609
Total	<u>5,027,600</u>	<u>4,777,011</u>	<u>4,861,493</u>	<u>(84,482)</u>
Physical development:				
Public works:				
Administration	182,100	182,100	234,449	(52,349)
Building inspection	194,700	194,700	172,694	22,006
Building maintenance	1,195,900	1,195,900	1,195,253	647
Engineering	503,300	503,300	510,431	(7,131)

TOWN OF STRATFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Physical development (continued):				
Public works (continued):				
Parks	\$ 1,896,600	\$ 1,896,600	\$ 1,902,063	\$ (5,463)
Highways	2,209,600	2,209,600	2,222,378	(12,778)
Town garage	670,000	670,000	652,161	17,839
Sanitation/refuse	3,755,800	3,755,800	3,778,663	(22,863)
Conservation	140,400	140,400	146,084	(5,684)
Total.....	<u>10,748,400</u>	<u>10,748,400</u>	<u>10,814,176</u>	<u>(65,776)</u>
Public safety:				
Fire Department:				
Administration	337,300	337,300	399,406	(62,106)
Firefighting	8,770,000	8,770,000	8,709,033	60,967
Fire prevention	186,900	186,900	177,361	9,539
Police Department:				
Administration	829,700	678,400	776,987	(98,587)
Investigation	1,491,700	1,491,700	1,628,268	(136,568)
Patrol	5,207,900	5,207,900	6,213,635	(1,005,735)
Records	218,500	218,500	209,739	8,761
Traffic	434,800	434,800	494,541	(59,741)
Communications center	752,200	752,200	797,953	(45,753)
Total.....	<u>18,229,000</u>	<u>18,077,700</u>	<u>19,406,923</u>	<u>(1,329,223)</u>
Board of Education	<u>75,461,711</u>	<u>75,461,711</u>	<u>75,461,675</u>	<u>36</u>
Debt service:				
Bonds payable:				
Principal retirement	8,621,000	8,621,000	8,150,421	470,579
Interest	2,583,200	2,583,200	2,488,740	94,460
Capital improvements	200,000			
Capital equipment	552,400	506,000	6,000	500,000
Total.....	<u>11,956,600</u>	<u>11,710,200</u>	<u>10,645,161</u>	<u>1,065,039</u>
Total expenditures	<u>154,375,361</u>	<u>153,740,872</u>	<u>154,577,231</u>	<u>(836,359)</u>
Other financing uses:				
Transfers out		648,289	648,289	
TOTAL	<u>\$154,375,361</u>	<u>\$154,389,161</u>	<u>155,225,520</u>	<u>\$ (836,359)</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			5,376,126	
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			(352,030)	
Other.....			205,544	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....			<u>\$160,455,160</u>	

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

TOWN OF STRATFORD, CONNECTICUTGENERAL FUNDBALANCE SHEET
JUNE 30, 2006A S S E T S

Cash and cash equivalents.....	\$ 8,832,597
Receivables, net.....	15,995,173
Due from other funds.....	<u>3,074,223</u>
TOTAL	<u>\$27,901,993</u>

L I A B I L I T I E S
A N D
F U N D B A L A N C E

Liabilities:	
Accounts payable.....	\$ 3,077,456
Accrued liabilities.....	834,400
Deferred revenue.....	15,232,433
Due to other funds.....	<u>509,371</u>
Total liabilities.....	<u>19,653,660</u>
Fund balance:	
Reserved.....	1,016,686
Unreserved.....	<u>7,231,647</u>
Total fund balance.....	<u>8,248,333</u>
TOTAL	<u>\$27,901,993</u>

TOWN OF STRATFORD, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2006

GRAND LIST	UNCOLLECTED TAXES		CURRENT LEVY	LAWFUL CORRECTIONS	TRANSFERS TO SUSPENSE	NET AMOUNT COLLECTIBLE	COLLECTIONS			TOTAL	UNCOLLECTED TAXES JUNE 30, 2006
	JULY 1, 2005	JULY 1, 2006					TAXES	INTEREST	LIEN FEES		
2004 ...		\$119,695,400		\$ (63,885)		\$119,631,515	\$117,629,384	\$ 406,755	\$ 4,104	\$118,040,243	\$2,002,131
2003 ...	\$2,900,905			(78,488)		2,822,417	1,591,643	363,522	7,273	1,962,438	1,230,774
2002 ...	1,168,620			(41,294)		1,127,326	607,921	225,894	2,496	836,311	519,405
2001 ...	696,528			(66,769)	\$(230,438)	399,321	198,447	118,118	1,358	317,923	200,874
2000 ...	440,691			(30,705)		409,986	48,211	32,103	572	80,886	361,775
1999 ...	197,022			354		197,376	4,264	4,093	64	8,421	193,112
1998 ...	211,224			(2,923)		208,301	10,933	12,006	96	23,035	197,368
1997 ...	220,527			(810)		219,717	7,284	9,664	48	16,996	212,433
1996 ...	126,689			(3,474)		123,215	6,702	4,974	120	11,796	116,513
1995 ...	64,997					64,997	2,874	4,542	48	7,464	62,123
1994 ...	72,957			107		73,064	971	1,457	56	2,484	72,093
1993 ...	72,870			881		73,751	1,165	1,670	24	2,859	72,586
1992 ...	89,059			37		89,096	758	1,687	24	2,469	88,338
1991 ...	111,860			50		111,910	803	1,934	24	2,761	111,107
1990 ...	83,593			1,911		85,504	693	1,779	24	2,496	84,811
TOTAL .	\$6,457,542	\$119,695,400		\$(285,008)	\$(230,438)	\$125,637,496	\$120,112,053	\$1,190,198	\$16,331	\$121,318,582	\$5,525,443

Nonmajor
Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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

Permanent Funds

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

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

TOWN OF STRAFFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
 JUNE 30, 2006

		SCHOOL LUNCH PROGRAM	COMMUNITY DEVELOPMENT	EDUCATION FEDERAL AND STATE PROGRAMS	SHELLFISH AND OYSTERS	COUNSELING CENTER	CONTINUING EDUCATION	REDEVELOPMENT AGENCY
.....SPECIAL REVENUE.....								
Cash and cash equivalents.....	\$ 82,498		\$ 40,735	\$ 230,155	\$ 20,184	\$ 33,521	\$ 82,150	\$ 367,710
Investments.....			134,344		86	143		1,455
Accounts receivable.....	154,544		106,111	8,830				
Intergovernmental.....								
Due from other funds.....								
Inventories.....	23,573							
TOTAL	<u>\$260,615</u>		<u>\$281,190</u>	<u>\$238,985</u>	<u>\$20,270</u>	<u>\$33,664</u>	<u>\$82,150</u>	<u>\$369,165</u>
<u>A S S E T S</u>								
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E S</u>								
Liabilities:								
Accounts payable.....	\$194,424		\$ 5,435	\$ 921		\$ 326		
Accrued liabilities.....			712					
Deferred revenue.....			134,184	238,064				
Due to other funds.....			106,468					
Total liabilities	<u>194,424</u>		<u>246,799</u>	<u>238,985</u>		<u>326</u>		
Fund balances (deficit):								
Reserved.....	23,573							
Unreserved and undesignated.....	42,618		34,391		\$20,270	33,338	\$82,150	\$369,165
Total fund balances (deficit)	<u>66,191</u>		<u>34,391</u>		<u>20,270</u>	<u>33,338</u>	<u>82,150</u>	<u>369,165</u>
TOTAL	<u>\$260,615</u>		<u>\$281,190</u>	<u>\$238,985</u>	<u>\$20,270</u>	<u>\$33,664</u>	<u>\$82,150</u>	<u>\$369,165</u>

TOWN OF STRATFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

.....SPECIAL REVENUE.....

	RAILROAD PROPERTY	MISCELLANEOUS GRANTS	DEPARTMENT OF CHILDREN AND FAMILY SERVICES	RECREATION	DOG	TOWN AID ROAD	SENIOR CITIZENS
Cash and cash equivalents.....	\$1,028,278	\$45,827	\$41,059	\$146,197	\$7,514	\$287,967	\$35,935
Investments.....	4,388	113	274	623	28	1,229	133
Accounts receivable.....		50,733			625		
Intergovernmental.....							
Due from other funds.....							
Inventories.....							
TOTAL	\$1,032,666	\$96,673	\$41,333	\$146,820	\$8,167	\$289,196	\$36,068

A S S E T S

L I A B I L I T I E S
A N D
F U N D B A L A N C E S

Liabilities:							
Accounts payable.....	\$ 5,868	\$ 17,979	\$19,467	\$ 10,559	\$3,996	\$ 35,025	\$ 1,647
Accrued liabilities.....		4,664	3,697	3,638	306		219
Deferred revenue.....		76,936					
Due to other funds.....	9	86,409	17,941	2,011			186
Total liabilities.....	5,877	185,988	41,105	16,208	4,302	35,025	2,052
Fund balances (deficit):							
Reserved.....	1,026,789	(89,315)	228	130,612	3,865	254,171	34,016
Unreserved and undesignated.....	1,026,789	(89,315)	228	130,612	3,865	254,171	34,016
Total fund balances (deficit)	\$1,032,666	\$ 96,673	\$41,333	\$146,820	\$8,167	\$289,196	\$36,068

TOWN OF STRATFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

.....SPECIAL REVENUE.....

	POLICE SPECIAL SERVICES	HARBOR MANAGEMENT	RECYCLING	GAS PIPELINE	SEWER MAINTENANCE	RESERVE	TOTAL
Cash and cash equivalents.....	\$158,111	\$56,772	\$2,054	\$422,656	\$32,350		\$3,121,673
Investments.....							144,996
Accounts receivable.....		242		1,800	138		320,218
Intergovernmental.....						\$442,511	443,136
Due from other funds.....							23,573
Inventories.....							
<u>TOTAL</u>	<u>\$158,111</u>	<u>\$57,014</u>	<u>\$2,054</u>	<u>\$424,456</u>	<u>\$32,488</u>	<u>\$442,511</u>	<u>\$4,053,596</u>

A. S. S. E. T. S

L I A B I L I T I E S
A N D
F U N D B A L A N C E S

Liabilities:							
Accounts payable.....	\$ 2,603		\$2,117		\$24,047		\$ 324,414
Accrued liabilities.....	1,164						14,400
Deferred revenue.....					\$442,511		891,695
Due to other funds.....	350						213,374
Total liabilities.....	4,117		2,117		24,047	442,511	1,443,883
Fund balances (deficit):							
Reserved.....	\$158,111	52,897	(63)	\$424,456	8,441		23,573
Unreserved and undesignated.....	158,111	52,897	(63)	424,456	8,441		2,609,713
Total fund balances (deficit)	\$158,111	\$57,014	\$2,054	\$424,456	\$32,488	\$442,511	\$4,053,596

TOWN OF STRATFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	SCHOOL LUNCH PROGRAM	COMMUNITY DEVELOPMENT	EDUCATION FEDERAL AND STATE PROGRAMS	SHELLFISH AND OYSTERS	COUNSELING CENTER	CONTINUING EDUCATION	REDEVELOPMENT AGENCY
.....SPECIAL REVENUE.....							
Revenues:							
Intergovernmental.....	\$ 897,416	\$530,561	\$3,055,897	\$ 6,314	\$ 5,675	\$366,263	
Departmental revenue.....	1,619,270				16,636		
Licenses and permits.....		1,229		684	1,503		\$ 16,483
Investment income.....		15,455					
Other.....							
Total revenue.....	2,516,686	547,245	3,055,897	6,998	23,814	366,263	16,483
Expenditures:							
Current:							
Education.....	2,478,042		3,055,897		21,200	380,440	31,224
Human development.....		539,287					
Physical development.....							
Public safety.....							
Capital outlay.....							
Total expenditures.....	2,478,042	539,287	3,055,897		21,200	380,440	31,224
Excess (deficiency) of revenues over expenditures.....	38,644	7,958		6,998	2,614	(14,177)	(14,741)
Other financing sources (uses):							
Transfers in.....							
Transfers out.....							
Total other financing sources (uses).....							
Net change in fund balances.....	38,644	7,958		6,998	2,614	(14,177)	(14,741)
Fund balance, July 1, 2005.....	27,547	26,433	- 0 -	13,272	30,724	96,327	383,906
Fund balance, June 30, 2006.....	\$ 66,191	\$ 34,391	\$ - 0 -	\$20,270	\$33,338	\$ 82,150	\$369,165

TOWN OF STRATFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006 (CONTINUED)

	RAILROAD PROPERTY	MISCELLANEOUS GRANTS	DEPARTMENT OF CHILDREN AND FAMILY SERVICES	RECREATION	DOG	TOWN AID ROAD	SENIOR CITIZENS
Revenues:							
Intergovernmental.....		\$ 631,525	\$ 334,647	\$ 305,998		\$ 289,984	\$ 104,767
Departmental revenue.....	\$ 235,516			\$ 22,441			
Licenses and permits.....	44,284	2,515	4,456	7,770		13,176	1,134
Investment income.....							2,205
Other.....							
Total revenue.....	279,800	634,040	339,103	313,768	22,441	303,160	108,106
Expenditures:							
Current:							
Education.....	106,226	646,790	564,365	281,266			99,554
Human development.....					171,876	287,856	
Physical development.....	55,280						
Public safety.....							
Capital outlay.....							
Total expenditures.....	161,506	646,790	564,365	281,266	171,876	287,856	99,554
Excess (deficiency) of revenues over expenditures.....	118,294	(12,750)	(225,262)	32,502	(149,435)	15,304	8,552
Other financing sources (uses):							
Transfers in.....	(30,000)		250,589		151,300		
Transfers out.....							
Total other financing sources (uses).....	(30,000)		250,589		151,300		
Net change in fund balances.....	88,294	(12,750)	25,327	32,502	1,865	15,304	8,552
Fund balance, July 1, 2005.....	938,495	(76,565)	(25,099)	98,110	2,000	238,867	25,464
Fund balance, June 30, 2006.....	\$ 1,026,789	\$ (89,315)	\$ 228	\$ 130,612	\$ 3,865	\$ 254,171	\$ 34,016

TOWN OF STRATFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006 (CONTINUED)

	POLICE SPECIAL SERVICES	HARBOR MANAGEMENT	RECYCLING	GAS PIPELINE	SEWER MAINTENANCE	RESERVE	TOTAL
Revenues:							
Intergovernmental.....	\$127,476	\$22,850					\$5,896,031
Departmental revenue.....		33,952	\$ 2,542			\$396,294	2,852,036
Licenses and permits.....							257,957
Investment income.....	1,685	1,836		\$ 21,129	\$1,384		119,268
Other.....							17,660
Total revenue.....	129,161	58,638	2,542	21,129	1,384	396,294	9,142,952
Expenditures:							
Current:							
Education.....							5,914,379
Human development.....						395,695	2,146,320
Physical development.....		32,985	3,735	26,534			602,541
Public safety.....	88,811	14,235					260,687
Capital outlay.....							357,371
Total expenditures.....	88,811	47,220	3,735	26,534		395,695	9,281,298
Excess (deficiency) of revenues over expenditures.....	40,350	11,418	(1,193)	(5,405)	1,384	599	(138,346)
Other financing sources (uses):							
Transfers in.....							401,889
Transfers out.....							(30,000)
Total other financing sources (uses).....							371,889
Net change in fund balances.....	40,350	11,418	(1,193)	(5,405)	1,384	599	233,543
Fund balance, July 1, 2005.....	117,761	41,479	1,130	429,861	7,057	(599)	2,376,170
Fund balance, June 30, 2006.....	\$158,111	\$52,897	\$ (63)	\$424,456	\$8,441	\$ - 0 -	\$2,609,713

TOWN OF STRATFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006 (CONTINUED)

.....PERMANENT.....

	STRATFORD HIGH SCHOOL	BUNNELL HIGH SCHOOL	STEPHEN BOOTHE	DAVID BOOTHE	TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:						
Intergovernmental.....						\$5,896,031
Departmental revenue.....						2,852,036
Licenses and permits.....						257,957
Investment income.....	\$ 6,635	\$ 1,394	\$ 36,591	\$ 60,486	\$ 105,106	224,374
Other.....	11,736				11,736	29,396
Total revenue.....	18,371	1,394	36,591	60,486	116,842	9,259,794
Expenditures:						
Current:						
Education.....	16,769	9,490	25,442	56,357	108,058	6,022,437
Human development.....						2,146,320
Physical development.....						602,541
Public safety.....						260,687
Capital outlay.....						357,371
Total expenditures.....	16,769	9,490	25,442	56,357	108,058	9,389,356
Excess (deficiency) of revenues over expenditures.....	1,602	(8,096)	11,149	4,129	8,784	(129,562)
Other financing sources (uses):						
Transfers in.....						401,889
Transfers out.....						(30,000)
Total other financing sources (uses).....						371,889
Net change in fund balances.....	1,602	(8,096)	11,149	4,129	8,784	242,327
Fund balance, July 1, 2005.....	289,017	75,463	781,819	1,615,951	2,762,250	5,138,420
Fund balance, June 30, 2006.....	\$290,619	\$67,367	\$792,968	\$1,620,080	\$2,771,034	\$5,380,747

Capital Projects Fund

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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

TOWN OF STRATFORD, CONNECTICUT
CAPITAL PROJECTS FUND

PROJECT COMBINING BALANCE SHEET
JUNE 30, 2006

	CAPITAL IMPROVEMENTS	CAPITAL SPECIAL PROJECTS	SIDEWALK AND ROAD	SEWER REVOLVING	WATER HOOKUP	CAPITAL EQUIPMENT	INTERFUND ELIMINATIONS	TOTAL
<u>A S S E T S</u>								
Cash and cash equivalents.....	\$10,610,816	\$204,758	\$3,866	\$ 695,199	\$ 5,920	\$130,638		\$11,651,197
Investments.....	983,500							983,500
Accounts receivable.....	5,254	84,048	793	3,024	19	566		93,704
Special assessments.....				357,383	57,509			414,892
Due from other funds.....	112,630		50	4,895			\$(108,954)	8,621
<u>TOTAL.....</u>	<u>\$11,712,200</u>	<u>\$288,806</u>	<u>\$4,709</u>	<u>\$1,060,501</u>	<u>\$63,448</u>	<u>\$131,204</u>	<u>\$(108,954)</u>	<u>\$13,151,914</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>								
Liabilities:								
Accounts payable.....	\$ 304,167	\$ 131,497				\$ 135,731		\$ 571,395
Deferred revenue.....			\$ 783	\$ 357,383	\$ 57,509			415,675
Due to other funds.....	1,911,571		15,749		240,696	784,649	\$(108,954)	2,843,711
Total liabilities.....	304,167	2,043,068	16,532	357,383	298,205	920,380	(108,954)	3,830,781
Fund balances (deficit):								
Reserved for encumbrances....	3,860	108,788				14,729		127,377
Unreserved and undesignated.	11,404,173	(1,863,050)	(11,823)	703,118	(234,757)	(803,905)		9,193,756
Total fund balances (deficit).....	11,408,033	(1,754,262)	(11,823)	703,118	(234,757)	(789,176)		9,321,133
<u>TOTAL.....</u>	<u>\$11,712,200</u>	<u>\$ 288,806</u>	<u>\$ 4,709</u>	<u>\$1,060,501</u>	<u>\$ 63,448</u>	<u>\$ 131,204</u>	<u>\$(108,954)</u>	<u>\$13,151,914</u>

TOWN OF STRATFORD, CONNECTICUT
CAPITAL PROJECTS FUND

PROJECT COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

	CAPITAL IMPROVEMENTS	CAPITAL SPECIAL PROJECTS	SIDEWALK AND ROAD	SEWER REVOLVING	WATER HOOKUP	CAPITAL EQUIPMENT	INTERFUND ELIMINATIONS	TOTAL
Revenues:								
Property taxes and assessments.....			\$ 804	\$173,036	\$ 7,768			\$ 181,608
Intergovernmental.....	\$ 124,920	\$ 663,620						788,540
Investment income.....	321,672	9,117	1,031	24,969	133	\$ 5,509		362,431
Total revenues.....	446,592	672,737	1,835	198,005	7,901	5,509		1,332,579
Expenditures:								
Capital outlay.....	7,140,982	2,563,503	838			842,262		10,547,585
Excess (deficiency) of revenues over expenditures.....	(6,694,390)	(1,890,766)	997	198,005	7,901	(836,753)		(9,215,006)
Other financing sources (uses):								
Bond proceeds.....	7,365,000					46,400		7,365,000
Transfers in.....		200,000						246,400
Total other financing sources (uses).....	7,365,000	200,000				46,400		7,611,400
Net change in fund balance.....	670,610	(1,690,766)	997	198,005	7,901	(790,353)		(1,603,606)
Fund balance (deficit), July 1, 2005....	10,737,423	(63,496)	(12,820)	505,113	(242,658)	1,177		10,924,739
Fund balance (deficit), June 30, 2006..	\$11,408,033	\$ (1,754,262)	\$ (11,823)	\$703,118	\$ (234,757)	\$ (789,176)	\$ - 0 -	\$ 9,321,133

Enterprise Funds

ENTERPRISE FUNDS

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

Emergency Medical Services – is used to account for all funds derived from ambulance billing from EMS services and to support the operation of EMS.

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

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

TOWN OF STRATFORD, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006

	EMERGENCY MEDICAL SERVICES	SHORT BEACH GOLF COURSE	MINIATURE GOLF COURSE	TOTAL
ASSETS:				
Current:				
Cash and cash equivalents.....	\$245,936	\$185,543	\$ 8,807	\$ 440,286
Accounts receivable, net.....	439,961	905		440,866
Total current assets	685,897	186,448	8,807	881,152
Noncurrent assets:				
Capital assets, net.....	253,349	545,859	105,144	904,352
Total assets.....	939,246	732,307	113,951	1,785,504
LIABILITIES:				
Current:				
Accounts payable.....	47,985	11,588	465	60,038
Accrued wages.....	1,536	3,566	602	5,704
Unearned revenue.....		2,005		2,005
Due to other funds.....	1,971	3,613	15,231	20,815
Compensated absences.....	7,133	4,897		12,030
Total current liabilities	58,625	25,669	16,298	100,592
Non-current:				
Compensated absences.....	28,531	19,589		48,120
Total liabilities.....	87,156	45,258	16,298	148,712
FUND EQUITY:				
Net assets:				
Invested in capital assets, net of related debt.....	253,349	545,859	105,144	904,352
Unrestricted.....	598,741	141,190	(7,491)	732,440
TOTAL.....	\$852,090	\$687,049	\$ 97,653	\$1,636,792

TOWN OF STRATFORD, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	EMERGENCY MEDICAL SERVICES	SHORT BEACH GOLF COURSE	MINIATURE GOLF COURSE	TOTAL
Operating revenues:				
Charges for services.....	\$1,018,041	\$311,058	\$ 7,325	\$1,336,424
Operating expenses:				
Operations.....	1,044,024	396,580	12,382	1,452,986
Depreciation.....	29,510	9,817	11,683	51,010
Total operating expenses.....	1,073,534	406,397	24,065	1,503,996
Operating income (loss).....	(55,493)	(95,339)	(16,740)	(167,572)
Nonoperating revenue (expense):				
Income on investments.....	25,537	6,960		32,497
Income (loss) before transfers.....	(29,956)	(88,379)	(16,740)	(135,075)
Transfers:				
Transfers out.....			(1,000)	(1,000)
Change in net assets.....	(29,956)	(88,379)	(17,740)	(136,075)
Net assets, July 1, 2005.....	882,046	775,428	115,393	1,772,867
Net assets, June 30, 2006.....	\$ 852,090	\$687,049	\$ 97,653	\$1,636,792

TOWN OF STRATFORD, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	EMERGENCY MEDICAL SERVICES	SHORT BEACH GOLF-COURSE	MINIATURE GOLF COURSE	TOTAL
Cash flows from (to) operating activities:				
Cash received from customers and users.....	\$1,070,276	\$ 319,891	\$ 7,325	\$1,397,492
Cash paid to suppliers.....	(738,471)	(227,139)	(1,022)	(966,632)
Cash paid to employees.....	(372,806)	(192,055)	(3,954)	(568,815)
Net cash provided (used) by operating activities.....	(41,001)	(99,303)	2,349	(137,955)
Cash flows from (to) noncapital financing activities:				
Transfers to other funds.....			(1,000)	(1,000)
Cash flows from capital and related financing activities:				
Purchase of property and equipment.....	(206,432)	(16,885)		(223,317)
Cash flows from investing activities:				
Income on investments.....	25,537	6,960		32,497
Net increase (decrease) in cash and cash equivalents.....	(221,896)	(109,228)	1,349	(329,775)
Cash and cash equivalents, July 1, 2005.....	467,832	294,771	7,458	770,061
Cash and cash equivalents, June 30, 2006.....	\$ 245,936	\$ 185,543	\$ 8,807	\$ 440,286

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss).....	\$ (55,493)	\$ (16,740)	\$ (167,572)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation.....	29,510	9,817	51,010
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable.....	51,758	(905)	50,853
Increase (decrease) in accrued expenses.....	47,254	5,524	52,911
Increase (decrease) in due to other funds.....	(114,030)	(18,400)	(125,157)
Net cash provided (used) by operating activities.....	\$ (41,001)	\$ (99,303)	\$ (137,955)

Fiduciary Fund

FIDUCIARY FUND

Agency Fund

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

TOWN OF STRATFORD, CONNECTICUTAGENCY FUNDSTUDENT ACTIVITY FUNDSTATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE			BALANCE
	JULY 1, 2005	ADDITIONS	DEDUCTIONS	JUNE 30, 2006
<u>ASSETS</u>				
Cash and cash equivalents.....	\$345,226	\$1,325,050	\$1,353,612	\$316,664
<u>LIABILITIES</u>				
Due to students.....	\$345,226	\$1,325,050	\$1,353,612	\$316,664

Capital Assets Used in the
Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are recorded based on a threshold of \$5,000. Provision for depreciation is not included in the schedules.

TOWN OF STRATFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2005 AND 2006

	2006	2005
Governmental funds capital assets:		
Land.....	\$ 12,870,506	\$ 12,870,506
Land improvements.....	4,701,794	4,599,747
Buildings and improvements.....	127,000,630	118,808,694
Machinery and equipment.....	25,949,364	24,498,486
Infrastructure.....	80,076,729	78,645,293
Construction in progress.....	<u>516,294</u>	<u>3,660,323</u>
TOTAL.....	<u>\$251,115,317</u>	<u>\$243,083,049</u>
Investments in governmental funds capital assets.....	<u>\$251,115,317</u>	<u>\$243,083,049</u>

TOWN OF STRATFORD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2006

	TOTAL	LAND	LAND IMPROVEMENTS	BUILDINGS	MACHINERY AND EQUIPMENT	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS
Administration	\$ 2,912,201		\$ 22,042	\$ 2,529,581	\$ 221,336		\$139,242
Finance	12,697,301	\$11,438,198		208	1,163,403		95,492
Human Development	10,297,738	1,362,109	402,778	5,642,459	1,182,104	\$ 1,634,637	73,651
Physical Development	93,371,016		2,418,525	3,911,519	8,438,840	78,421,040	181,092
Public Safety	16,253,985	70,199	63,095	9,940,909	6,179,782		
Education	115,583,076		1,795,354	104,975,954	8,763,899	21,052	26,817
TOTAL	\$251,115,317	\$12,870,506	\$4,701,794	\$127,000,630	\$25,949,364	\$80,076,729	\$516,294

TOWN OF STRATFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2006

	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2005		ADDITIONS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2006
Administration.....	\$ 2,767,052	\$ 145,149			\$ 2,912,201
Finance.....	12,578,821	118,480			12,697,301
Human Development.....	9,337,202	1,007,042	\$46,506		10,297,738
Physical Development....	91,935,483	1,478,832	43,299		93,371,016
Public Safety.....	14,761,218	1,492,767			16,253,985
Education.....	111,703,272	3,879,804			115,583,076
TOTAL.....	<u>\$243,083,048</u>	<u>\$8,122,074</u>	<u>\$89,805</u>		<u>\$251,115,317</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF STRATFORD, CONNECTICUT

NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	FISCAL YEAR.....				
	2006	2005	2004	2003	2002
(thousands)					
Governmental activities:					
Invested in capital assets, net of related debt	\$ 43,229	\$ 38,060	\$ 41,507	\$ 41,507	\$ 36,685
Restricted	2,771				
Unrestricted	(34,058)	(22,914)	(28,260)	(28,260)	(15,118)
Total governmental activities net assets	11,942	15,146	13,247	13,247	21,567
Business-type activities:					
Invested in capital assets, net of related debt	16,638	14,657	13,426	13,426	13,670
Unrestricted	6,936	8,730	6,837	6,837	6,501
Total business-type activities net assets	23,574	23,387	20,263	20,263	20,171
Total:					
Invested in capital assets, net of related debt	59,867	52,717	54,933	54,934	50,355
Restricted	2,771				
Unrestricted	(27,122)	(14,184)	(21,423)	(21,423)	(8,617)
Total net assets	\$ 35,516	\$ 38,533	\$ 33,510	\$ 33,511	\$ 41,738

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Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

TOWN OF STRATFORD, CONNECTICUTCHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
Expenses:					
Governmental activities:					
General government	\$ (33,698)	\$ (11,164)	\$ (11,569)	\$ (7,862)	\$ (7,639)
Human development	(7,671)	(7,993)	(7,771)	(6,758)	(6,666)
Physical development	(17,331)	(16,078)	(16,501)	(16,262)	(15,504)
Public safety	(20,302)	(23,735)	(21,713)	(19,387)	(19,162)
Education	(89,072)	(100,201)	(92,120)	(86,380)	(84,369)
Debt service	(7,049)	(7,859)	(9,792)	(11,053)	(10,184)
Total governmental activities expenses	(175,123)	(167,030)	(159,466)	(147,702)	(143,524)
Business-type activities:					
Waste Operating	(4,473)	(4,512)	(4,582)	(4,349)	(4,002)
Other	(1,504)	(1,290)	(622)	(417)	(371)
Total business-type activities	(5,977)	(5,802)	(5,204)	(4,766)	(4,373)
Total expenses	(181,100)	(172,833)	(164,670)	(152,468)	(147,897)
Program revenues:					
Governmental activities:					
Charges for services	7,329	4,742	4,825	3,693	4,061
Operating grants and contributions	30,325	28,380	22,528	24,526	25,876
Capital grants and contributions	966	6,362	5,997	6,099	3,642
Total governmental activities program revenues	38,620	39,484	33,350	34,318	33,579
Business-type activities:					
Charges for services	6,850	7,232	5,298	4,781	4,759
Capital grants and contributions	1,365	1,328	73	184	
Total business-type activities program revenues	8,215	8,560	5,371	4,965	4,759
Total primary government program revenues	39,506	48,043	38,722	39,283	38,338
Net (expense) revenue:					
Governmental activities	(136,503)	(127,546)	(126,116)	(113,384)	(109,945)
Business-type activities	2,238	2,7598	167	199	386
Total net expense	\$ (134,265)	\$ (124,788)	\$ (125,949)	\$ (113,185)	\$ (109,559)

(Continued) - 1.

TOWN OF STRATFORD, CONNECTICUT
 CHANGES IN NET ASSETS
 LAST FIVE FISCAL YEARS

(thousands)

	FISCAL YEAR.....				
	2006	2005	2004	2003	2002
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	\$ 120,955	\$ 118,321	\$ 112,580	\$ 106,081	\$ 100,780
Grants and contributions not restricted to specific purposes	3,099	3,948	3,912	1,086	3,355
Unrestricted investment earnings	5,939	8,989	7,839	2,940	(3,669)
Transfers	223				
Total governmental activities	<u>130,216</u>	<u>131,258</u>	<u>124,331</u>	<u>110,107</u>	<u>100,466</u>
Business-type activities:					
Property Transfer			27		
Unrestricted Investment Earnings	281			(107)	(92)
Grants and Contributions not restricted		172			
Funding reimbursement	(1,066)				
Transfers	(223)				
Total business activities	<u>(1,008)</u>	<u>172</u>	<u>27</u>	<u>(107)</u>	<u>(92)</u>
Total primary government	<u>130,274</u>	<u>131,430</u>	<u>124,358</u>	<u>110,000</u>	<u>100,374</u>
Changes in net assets:					
Governmental activities	(6,287)	3,712	(1,785)	(3,277)	(9,479)
Business-type activities	1,230	2,930	194	92	294
Total primary government	<u>\$ (5,057)</u>	<u>\$ 6,642</u>	<u>\$ (1,591)</u>	<u>\$ (3,185)</u>	<u>\$ (9,185)</u>

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Notes: (1) Schedule prepared on the accrual basis of accounting.
 (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

TOWN OF STRATFORD, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	(thousands)									
	FISCAL YEAR									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund:										
Reserved.....	\$1,017	\$ 665	\$1,056	\$ 901	\$ 455	\$ 604	\$ 420	\$ 729	\$ 727	\$ 1,418
Unreserved.....	7,232	8,347	8,822	7,972	11,313	10,872	12,745	12,655	13,012	13,658
Total general fund.....	<u>\$8,249</u>	<u>\$9,012</u>	<u>\$9,878</u>	<u>\$8,873</u>	<u>\$11,768</u>	<u>\$11,476</u>	<u>\$13,165</u>	<u>\$13,384</u>	<u>\$13,739</u>	<u>\$15,076</u>
All other governmental funds:										
Reserved.....	\$106,715	\$104,901	\$ 98,936	\$90,761	\$ 88,823	\$143,389	\$159,350	\$149,855	\$ 15	\$38,299
Unreserved, reported in:										
Special revenue funds	2,586	2,323	2,441		1,078	2,354	2,492	2,304	920	754
Capital projects funds	9,194	10,925	7,110	7,890	11,721	7,132	4,444	12,287	9,025	364
Permanent funds.....	2,771	2,762	2,771		2,791					
Total all other governmental funds.....	<u>\$121,266</u>	<u>\$120,911</u>	<u>\$111,258</u>	<u>\$98,651</u>	<u>\$104,413</u>	<u>\$152,875</u>	<u>\$166,286</u>	<u>\$164,446</u>	<u>\$9,960</u>	<u>\$39,417</u>

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

TOWN OF STRATFORD, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	(thousands)									
	FISCAL YEAR.....									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues:										
Property taxes and assessments.....	\$121,853	\$119,024	\$113,157	\$106,913	\$101,665	\$ 94,650	\$ 90,128	\$ 87,271	\$ 84,467	\$ 82,816
Intergovernmental.....	36,955	35,685	33,250	30,369	29,511	29,846	28,898	24,966	25,272	23,209
Department revenue.....	5,362	5,186	4,484	3,584	3,558	3,484	3,285	2,864	2,796	2,588
Licenses and permits.....	794	883	683	676	658	464	343	340	364	272
Investment income.....	5,939	7,528	7,987	2,952	(3,666)	801	19,916	14,891	1,758	1,944
Other.....	3,125	4,683	4,394	1,819	3,050	629	810	2,163	625	446
Total revenues.....	174,028	172,989	163,955	146,313	134,776	129,874	143,380	132,495	115,282	111,275
Expenditures:										
Administration.....	3,403	3,057	3,512	3,068	3,500	3,132	3,154	2,681	2,503	2,136
Contingency.....	3,499	3,883	3,315	2,848	2,899	2,299	2,500	2,191	2,470	2,518
Employee benefits.....	17,109	14,577	12,292	7,780	11,133	9,111	8,242	7,686	9,553	10,601
Finance.....	1,731	1,828	1,523	1,456	1,353	1,271	1,487	1,502	1,114	1,265
Human development.....	7,008	9,181	6,729	5,964	5,789	5,382	5,350	5,151	4,938	5,135
Physical Development.....	11,417	12,015	10,828	11,720	11,330	11,184	11,366	10,510	10,296	9,997
Public safety.....	19,668	18,721	18,153	16,777	16,427	15,920	15,794	14,635	14,324	13,676
Education.....	86,860	78,751	76,367	74,102	72,495	68,670	65,736	62,358	59,424	57,494
Capital outlay.....	10,953	11,993	7,760	6,372	9,346	11,254	11,888	17,272	5,765	4,331
Debt service:.....										
Principal retirement....	12,190	12,520	13,463	19,190	10,693	9,719	6,607	5,869	5,770	5,807
Interest and other charges	7,563	8,390	8,607	9,059	9,889	10,807	13,199	5,663	3,778	4,239
Total expenditures.....	181,401	174,916	162,549	158,336	154,854	148,749	145,323	135,518	119,935	117,199
Excess of revenue over (under) expenditures.....	(7,373)	(1,927)	1,406	(12,023)	(20,078)	(18,875)	(1,943)	(3,023)	(4,653)	(5,924)
Other financing sources (uses):										
Appropriation of fund balance.....										
Transfers in.....	902			603	564	2,471	376	549	475	488
Transfers out.....	(678)			(603)	(564)	(2,397)	(309)	(481)	(407)	(1,461)
Proceeds from capital leases.....	42			52	23	87	159	51	34	433
Payments to escrow agents.				(44,013)	(9,636)					
Proceeds from refunding bonds.....				43,130	9,445					
Premiums on refunding....				1,264						
Bonds issued.....	7,365	11,105	5,100	8,980	8,935	8,320	1,725	113,425	12,030	
Total other financing sources (uses).....	7,631	11,105	5,100	9,413	8,767	8,481	1,951	113,544	12,132	(540)
Net change in fund balances.	\$ 258	\$ 9,178	\$ 6,506	\$(2,610)	\$(11,311)	\$(10,394)	\$ 8	\$110,521	\$ 7,479	\$(6,464)
Debt service as a percentage of noncapital expenditures	11.6%	12.8%	14.3%	18.6%	14.1%	14.9%	14.8%	9.8%	8.4%	8.69%

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

TOWN OF STRATFORD, CONNECTICUTASSESSSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	.....REAL PROPERTY.....		PERSONAL PROPERTY	MOTOR VEHICLE	LESS TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
	RESIDENTIAL	COMMERCIAL							
2006	\$3,291,364	\$647,876	\$312,928	\$278,501	\$112,274	\$4,595,015	36.99%	\$6,564,307	70%
2005	2,119,464	546,675	284,057	259,929	79,466	3,166,376	36.44	4,523,394	70
2004	2,104,057	557,416	285,014	260,898	250,206	3,249,746	35.02	4,642,494	70
2003	2,098,617	557,416	280,349	253,957	99,688	3,221,128	34.68	4,601,611	70
2002	1,712,013	499,232	281,035	240,768	101,113	2,772,510	35.27	3,960,729	70
2001	1,702,693	534,121	272,723	219,678	99,437	2,729,236	34.16	3,898,909	70
2000	1,695,948	487,137	275,291	208,971	103,792	2,710,895	33.5	3,872,707	70
1999	1,690,926	488,874	277,256	204,234	276,032	2,700,933	32.49	3,858,476	70
1998	1,687,030	512,466	284,916	193,683	110,498	2,724,659	35.73	3,892,370	70

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Source: Town of Stratford Office of Tax Assessor

Note: (1) Property revaluation was phased-in over five years ended June 30, 1997.

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS
2004 AND 1995

(thousands)

TAXPAYER	.....OCTOBER 1, 2004.....			.....OCTOBER 1, 1995.....		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TOWN TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TOWN TAXABLE ASSESSED VALUE
Sikorsky Aircraft	\$161,451	1	3.5%	\$145,456	1	5.6%
The Dock	34,339	2	.7	16,962	3	.6
Exxon/ Mobil	19,766	3	.4	17,053	2	.6
Stonybrook Gardens	19,110	4	.4	12,890	7	.5
Dresser Industries	18,095	5	.4	13,037	6	.5
Kramont Operating Partnership	16,520	6	.4			
Southern Connecticut Gas	15,734	7	.3			
Merritt 8 Acquisitions	14,247	8	.3			
William B. Meyer	13,879	9	.3	12,099	8	.5
United Illuminating	13,563	10	.3	13,239	5	.5
Dictaphone				16,396	4	.6
Allied Signal Inc				10,279	9	.4
Parkview Associates				10,003	10	.4
TOTAL	<u>\$326,704</u>		<u>7.1%</u>	<u>\$267,414</u>		<u>10.2%</u>

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Source: Town of Stratford, Office of Tax Assessor

TOWN OF STRATFORD, CONNECTICUTRATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(thousands, except per capita)

FISCAL YEAR	.GOVERNMENTAL ACTIVITIES.		BUSINESS-TYPE ..ACTIVITIES..		TOTAL PRIMARY GOVERNMENT	RATIO OF DEBT TO TAXABLE ASSESSED VALUE	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	WASTE OPERATING				
2006	\$155,782	\$ 39	\$ 893		\$156,714	3.41%	\$3
2005	161,078	21	1,187		162,286	3.53%	3
2004	162,618	28	1,352		163,998	5.18%	3
2003	170,790	58	1,515		172,363	5.30%	3
2002	179,035	82	1,760		180,877	5.62%	4
2001	176,574	149	2,136		178,859	6.45%	4
2000	174,293	160	2,507		176,960	6.48%	4
1999	168,901	172	2,870		171,943	6.34%	3
1998	79,770	282	3,225		83,277	3.08%	2
1997	73,510	382	3,574		77,466	2.84%	2

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF STRATFORD, CONNECTICUTCOMPUTATION OF LEGAL DEBT LIMITATION
JUNE 30, 2006

(thousands)					
Total tax collections (including interest and lien fees) for the year ended June 30, 2006.....					\$121,319
Reimbursement for revenue loss on:					
Tax relief for elderly.....					<u>35</u>
BASE					<u>\$121,354</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base.....	\$273,046				
4-1/2 times base.....		\$546,093			
3-3/4 times base.....			\$455,077		
3-1/4 times base.....				\$394,400	
3 times base.....					\$364,062
Total debt limitation	<u>273,046</u>	<u>546,093</u>	<u>455,077</u>	<u>394,400</u>	<u>364,062</u>
Indebtedness:					
Bonds payable.....	25,628	56,169	893		73,985
Bonds authorized -					
Unissued.....	3	37	61,758		
Clean Water Fund notes...			2,208		
Grant commitments.....		(10,728)	(9,860)		
Total indebtedness	<u>25,631</u>	<u>45,478</u>	<u>54,999</u>		<u>73,985</u>
Debt limitation in excess of outstanding and authorized indebtedness..	<u>\$247,415</u>	<u>\$500,615</u>	<u>\$400,078</u>	<u>\$394,400</u>	<u>\$290,077</u>

NOTE 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$849.5 million).

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

TOWN OF STRATFORD, CONNECTICUTLEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR.....									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Debt limitation.....	\$849,478	\$818,526	\$790,418	\$741,509	\$706,884	\$659,709	\$629,118	\$612,017	\$589,135	\$583,645
Total net debt applicable to limit.....	200,093	218,272	171,384	178,510	202,907	197,133	198,822	202,906	202,989	114,384
Legal debt margin.....	<u>\$649,385</u>	<u>\$600,254</u>	<u>\$619,034</u>	<u>\$562,999</u>	<u>\$503,977</u>	<u>\$462,576</u>	<u>\$430,296</u>	<u>\$409,111</u>	<u>386,146</u>	<u>469,261</u>
Total net debt applicable to the limit as a percentage of debt limit.....	23.55%	26.67%	21.68%	24.07%	28.70%	29.88%	31.60%	33.15%	34.46%	19.60%

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

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

TABLE 10

TOWN OF STRATFORD, CONNECTICUTDEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION	PER CAPITA INCOME	UNEMPLOYMENT RATE
2006	49,976	\$27,000	N/A
2005	49,976	27,000	5.3%
2004	49,976	27,000	5.4%
2003	49,976	27,000	6.4%
2002	49,976	27,000	4.9%
2001	49,976	27,000	3.9%
2000	49,389	27,000	2.5%
1999	49,389	19,000	3.4%
1998	49,389	19,000	4.0%
1997	49,389	19,000	5.7%

TOWN OF STRATFORD, CONNECTICUTPRINCIPAL EMPLOYERS
2006

EMPLOYER	NATURE OF BUSINESS	EMPLOYEES
Sikorsky Aircraft	Manufacturer of helicopters	7,000
Town of Stratford	Government Education	1,385
Stratford Retailers Condo Assoc.	Retail Chains	623
Ashcroft Holdings	Manufacturer of Gauges	450
United Parcel Service	Package Delivery	415
Dianon Systems Inc	Lab Testing	400
Lord Chamberlain	Skilled Nursing Facility	360
AT&T	Telecommunications	249
Emsar	Manufacturer of pump atomizers	245
Bridgeport Fittings	Manufacturer of electrical fittings	240
Connecticut Distributors	Liquor distributors	221
Stop & Shop	Grocery Products	215
William B. Meyer	Moving, storage & rigging	175

TOWN OF STRATFORD, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT NON-EDUCATION EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

FUNCTION/PROGRAM	.....FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30,.....							
	2006	2005	2004	2003	2002	2001	2000	1999
General government	96	82	94	86	83	85	89	82
Police	119	117	113	113	112	116	115	116
Fire	96	99	97	99	98	99	93	94
Refuse collection	30	28	30	30	28	31	30	30
Other public works	64	69	66	60	64	63	67	70
Parks and recreation	26	26	27	25	27	28	26	23
Library	26	28	28	29	30	30	27	28
TOTAL	<u>457</u>	<u>449</u>	<u>455</u>	<u>442</u>	<u>442</u>	<u>452</u>	<u>447</u>	<u>443</u>

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

FUNCTION/PROGRAM	..... FISCAL YEAR.....						
	2006	2005	2004	2003	2002	2001	2000
General government:							
Building permits issued	898	869	835	729	683	558	619
Building inspections conducted	2,964	2,868	2,845	2,406	2,254	1,845	2,043
Police:							
Physical arrests	1,142	1,338	1,433	1,382	1,321	1,350	1,515
Parking violations	N/A	505	1,086	999	838	853	911
Traffic violations	2,891	3,043	3,712	3,557	3,474	2,898	3,699
Refuse collection:							
Refuse collected (tons per year)	27,054	27,445	26,529	25,828	24,522	24,599	22,447
Recyclables collected (tons per year)	4,192	4,228	4,412	4,441	4,493	4,934	4,947
Parks and recreation:							
Athletic field permits issued	10,003	9,406	6,657	6,375	6,225	6,225	6,175
Community center admissions							
Library:							
Volumes in collection	165,336	163,296	162,420	163,311	162,298	162,827	147,671
Total volumes borrowed	418,243	422,033	449,807	442,328	386,443	323,288	267,677

TOWN OF STRATFORD, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	.....FISCAL YEAR.....									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	0	0	0	0	0	0	0	0	0	0
Patrol units	19	19	18	18	18	18	18	18	17	17
Wastewater:										
Sanitary sewers (miles)	200	200	200	200	200	200	200	200	200	200
Storm sewers (miles)	125	125	125	125	125	125	125	125	125	125
Treatment capacity (thousands of gallons)	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500