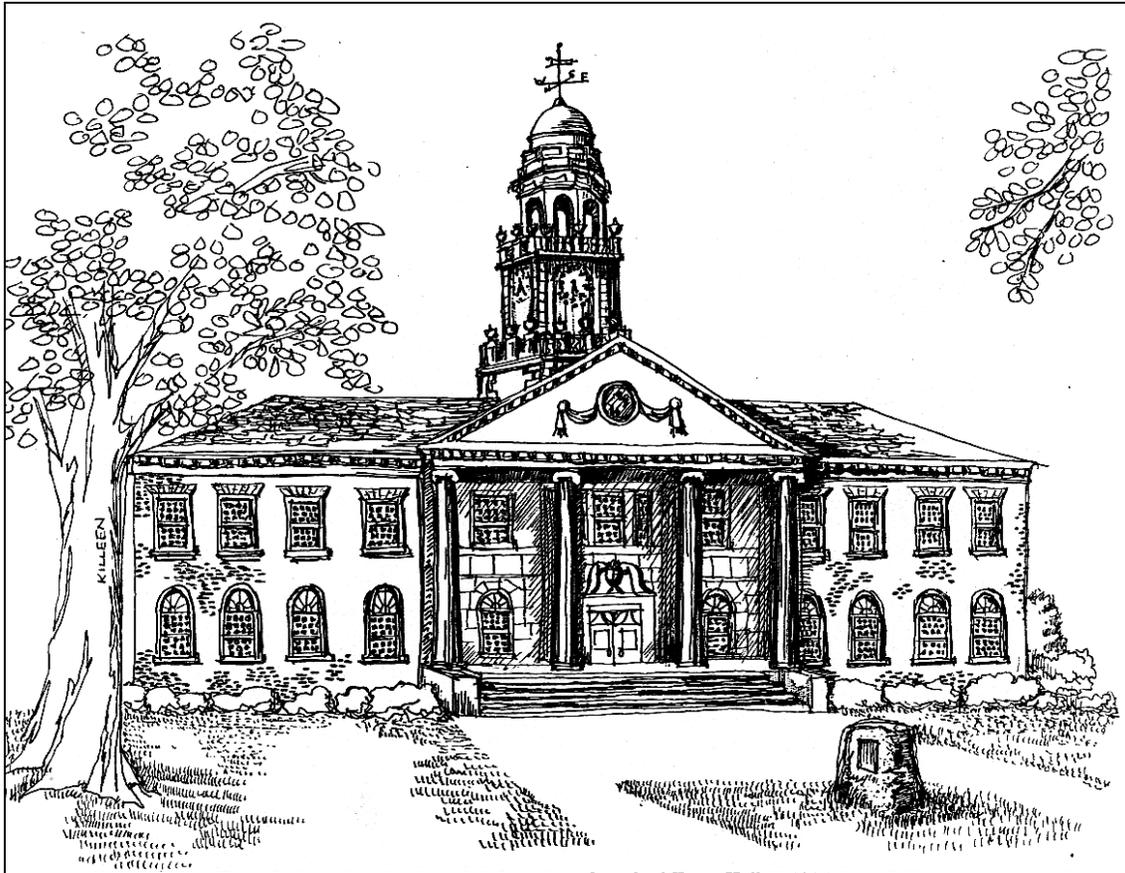


Town of Stratford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

**Comprehensive
Annual Financial Report**

of the

**Town of Stratford
Connecticut**

Fiscal Year Ended June 30, 2007

Finance Department
John G. Norko
Director of Finance

TOWN OF STRATFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2007

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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

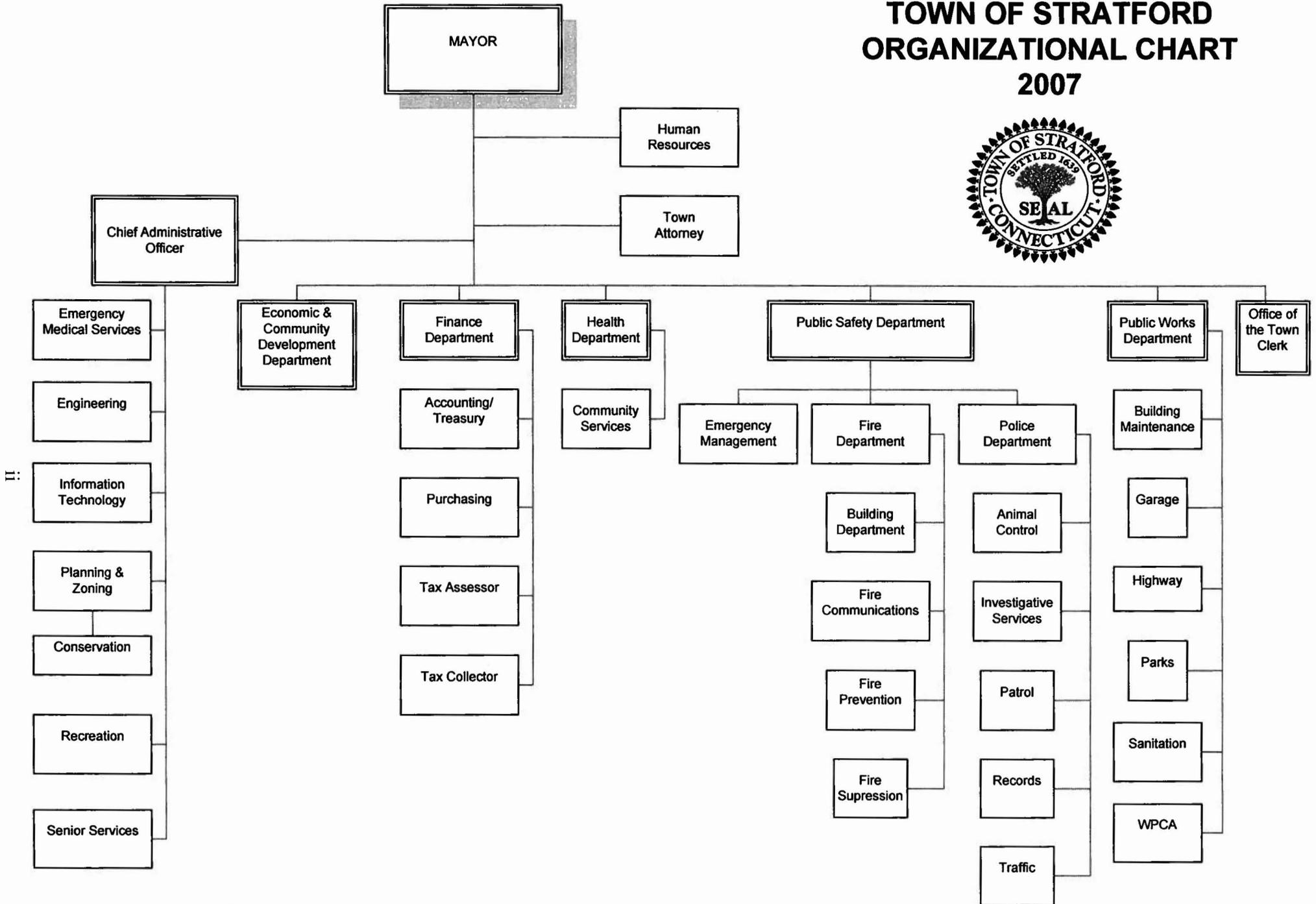
Co-Chair.....Laura R. Hoydick
Co-Chair..... Thomas J. Malloy
Vice Chair and Secretary Robert J. David
Board MemberSusan F. Barksdale
Board Member Robert D. Cody
Board MemberJoseph Dimenno
Board Member Janice M. Wood

Irene Cornish, Superintendent of Schools

ADMINISTRATION

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

TOWN OF STRATFORD ORGANIZATIONAL CHART 2007



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, 2006

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.



President

Executive Director

February 27, 2008

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

Connecticut law requires that all general-purpose local governments annually publish a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2007.

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

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unqualified (clean) opinion on the Town of Stratford, Connecticut's financial statements for the year ended June 30, 2007. 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 13 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 and New York. Sikorsky Memorial Airport is located within Stratford. It provides various services to both private industry and commuters to New York's major airports. The Town is a member of the Greater Bridgeport Transit District that operates more than 50 buses on 16 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 public school system provides a balanced curriculum for approximately 7,300 students. There are several vocational training facilities, colleges and universities in close proximity to Stratford which offer a variety of educational programs.

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

Stratford attracted some notable new businesses during the year, adding BJ's, Mr. Shower Door, Grainger, Milford Bank, Rings End Lumber, Matrix International Logistics, St. Acquisition Company, Ionian Food Imports, Office Depot and Starbucks to the business community. Major expansion projects included Stratford Land Development constructing a 117,000 square foot building, of which 95,000 square feet was pre-leased. Stratford Land Development was also approved for a second 117,000 square foot building, of which 50,000 square feet was pre-leased. Encon Heating and Air Conditioning and the Porter and Chester Institute each constructed new buildings of over 53,000 square feet. The former Dictaphone site on Broadbridge Avenue was filled by an expansion of Sikorsky Aircraft, which is leasing 109,000 square feet while adding 550 jobs. Nuance Corporation, which purchased Dictaphone, leased 12,000 square feet to maintain a presence in Stratford.

Commercial, industrial, retail and office building permits totaled \$9,928,449, the highest since 2001. There was a total of 248,526 square feet of new commercial construction during the year.

Investors continued to find property affordable in Stratford, and \$29,295,500 in property transfers occurred during the year. In the residential market place, a total of 626 single family homes were sold in 2006 at an average selling price of \$321,210 and remained on the market an average of 82 days. In 2005, 696 single-family homes sold at an average selling price of \$325,407 and were on the market an average on 68 days.

Economic activity continued at a strong pace during the first six months of 2007. Currently, over 444,567 square feet of new commercial space is under construction and is expected to be completed by the end of the year. The largest single development was an 118,000 square foot three building complex on Hawley Lane which is anchored by the Big Y Supermarket. Two

additional buildings, a 20,000 square foot two-story building and a 10,000 square foot two-story facility, will complete the complex.

Real estate companies and restaurants headed the list of new businesses entering the business community in 2007. William Pitt Sotheby International Realty, Keller Williams and the Higgins Group were realtors opening offices in Stratford. Two of the new restaurants were the Redfin Restaurant, located at the Dock Shopping Center on the Housatonic River and the Blue Point Grill located in the heart of Stratford Center. The Redfin spent in excess of \$1,500,000 retrofitting a former office complex and currently employs 60 people while the Blue Point spent over \$500,000 retrofitting a vacant space.

There were three notable major manufacturing relocations to Stratford in 2007. Zappa Precision, a German based precision steel splitting firm, brought 25 employees to a 30,400 square feet facility located at 100 Benton Street. The second relocation was Precision Products which purchased an 18,186 square foot building at 180 Garfield Ave for \$1,600,000. Finally, the 18,500 square foot building located at 120 Feeley Street was sold for \$1,200,000 to Graphic Management Partners, a Port Chester, New York, commercial printing firm. The 25-year old company decided on this Stratford location to expand into the Fairfield County region to continue the firm's growth.

Property transfers for the first half of 2007 totaled \$37,568,000. The largest transactions were the sale of 99 Hawley Lane by Phoenix Capital for \$24,500,000 followed by the sale of 999 Oronoque Lane for \$3,650,000. Both transactions were for office complexes.

Commercial, industrial, retail and office building permits reached a total of \$19,691,493 as compared to \$9,928,449 for all of 2006, representing almost a 100% increase.

In the residential market, a total of 284 single-family homes were sold with an average selling price of \$327,136 during the first six months of 2007 compared to 320 units sold at an average selling price of \$319,569 in the first half of 2006. Stratford follows the Fairfield County trend of reduction of homes sold and an increase in dollar value for average sales price.

Notable potential future developments in Town include the Stratford Army Engine Plant (the SAEP) and the Stratford Shakespeare Theater.

The Department of the Army has taken back control of the SAEP property and directed the Government Services Administration (GSA) to dispose of it. GSA hired the national firm of Cushman Wakefield to market the property and a bidder's conference was held in October in preparation for a "Bid Auction" on November 15. Considerable interest by developers in the site has been generated. The Town of Stratford's Planning and Zoning Commissions will remain as the controlling use boards for the development of the site. The property will be sold at auction, on line, commencing January 14, 2008.

The Shakespeare Theater is another exciting project that will build on the Town's ever increasing economic development. The Mayor proposed, and the Town Council authorized, \$2.5 million in bonding to renovate and reinvigorate the Shakespeare Theater that has sat dormant for the last ten years. Over the past two years, the Town has successfully staged outdoor Theater productions on the Shakespeare Grounds. The renovation of this complex will not only be an asset to the Town and will rejuvenate its great history, but will hopefully prove to be a catalyst for the local economy. The approval of the project funding demonstrates the Town's commitment to the Theater and may lead to an influx of private funding in the future.

Remington Woods, owned by DuPont Corporation, is a 70-acre parcel located in the Town of Stratford. It is part of the proposed Lake Success development in Bridgeport, a 400-acre parcel. It is ready for sale and future development. The area is zoned for Light Industrial Use, and the Town expects that the parcel will be developed as an industrial park.

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 the Town has faced in the recent past.

In fiscal year 2002-03, the Town of Stratford began budgeting and paying principal and interest on its Pension Obligation Bonds directly from the General Fund. The Pension Obligation Bonds were originally issued in 1998 to offset the Town's unfunded pension liability. For the three fiscal years following the issuance of the Pension Obligation Bonds, per the Town Ordinance authorizing the issuance of the Pension Obligation Bonds, the Town paid the debt service from amounts on deposit in the Retiree Benefits Reserve Fund. The Town has since made these debt service payments from the General Fund for the last five fiscal years and expects to continue this practice going forward. In fiscal year 2006, the Town amended the ordinance authorizing the issuance of the Pension Obligation Bonds to eliminate the Town's ability to withdraw excess assets from the Retiree Benefits Reserve Fund to pay the debt service on the Pension Obligation Bonds. The Pension Bond Ordinance was again amended in fiscal year 2007 to allow the proceeds of the Pension Bond Issue to be transferred to the pension trust and invested in the same manner and at the same asset allocations as the pension trust assets. As a result of these amendments, the proceeds of the Pension Bond issue were transferred to the pension trust in fiscal year 2007. These changes have two important positive results. First, the lifting of the 40% equity restriction should make it more likely that the future investment returns will meet the Pension Board's 8.25% actuarial assumption for return on investment. Second, the Pension Obligation Bond proceeds can now be treated as pension assets for the purposes of GASB 25 and GASB 27, since they now reside within the irrevocable trust, whereas they were previously required to be excluded.

For the fiscal year ended June 30, 2007, on a budgetary basis, General Fund revenues totaled \$165,569,909 and exceeded budget by \$822,721, while expenditures totaled \$165,097,056 and exceeded budget by \$350,331. The result was a year-end surplus of \$472,853. The Town's General Fund balance increased \$1,596,223 to \$9,844,556 on a GAAP basis.

During the fiscal year ended June 30, 2007, the Town collected 98.4% of its current tax levy. This represented the second consecutive year that the Town's collections have exceeded 98%, the highest collection rates in over twenty years. It is also the tenth consecutive year the Town has exceeded 96.5%. As a result, the balance of taxes receivable was reduced \$1,253,935 from \$5,525,443 to \$4,271,508 during the fiscal year. Further, during the past two fiscal years, taxes receivable has been reduced \$2,356,026 from \$6,627,534 to \$4,271,508. Fiscal year 2007 total tax collections, including interest and liens fees, were \$131,303,062. The Town adopted a 98.25% current tax collection rate in the fiscal year 2008 Operating Budget.

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

Town Organization

From 1921 until 2005, the Town of Stratford operated under a Council-Manager form of government. In November 2003, the electors of the Town approved a referendum authorizing a revision to the Charter requiring a change to a Mayor-Council form of government. The new form of government took effect on December 12, 2005 when the Town's first Mayor, James R. Miron, was sworn into office. The Mayor is a full-time, compensated, elected official with a term of four (4) years. The Mayor is recognized as the head of the Town and appoints all department heads including the Town Attorney, appoints citizens to commissions, prepares the budget, establishes criteria for evaluation of subordinates, and signs or vetoes legislation passed by the Council. This power includes the ability to veto a specific line item within proposed operating budgets. The Mayor's attendance at all Council meetings is required, but the Mayor is not able to vote unless to break a tie vote of the Town Council. A Chief Administrative Officer (the CAO) is appointed by the Mayor and assists the Mayor with budget preparation, labor negotiations and any other areas deemed appropriate by the Mayor. A bipartisan Town Council of ten members, who are elected for two-year terms, performs the legislative function. The Town Council approves the annual budget, supplemental appropriations and bond authorizations.

Policies and Practice

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 recommendations.

Debt

During fiscal year 2006-07, the Town continued to pay principal and interest payments on its Pension Obligation Bonds directly from the General Fund. The 1998 bonds were issued to offset the Town's unfunded pension liability.

The Town did not issue general obligation bonds during the 2006-07 fiscal year. In August 2007 the Town Council authorized the issuance of \$11,087,000 in general obligation bonds for town facilities including the Shakespeare Theater and an EMS headquarters, 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 as of 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, 2007, the Town collected 98.4% of its current tax levy. This is the highest collection rate in over twenty years and is the fifth consecutive year that collections reached at least 97.5%. As a result, the balance of taxes receivable was reduced \$1,253,935 from \$5,525,443 to \$4,271,508 during the fiscal year. The Town adopted a 98.25% current tax collection rate in the FY2008 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, 2006. This was the 16th 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.

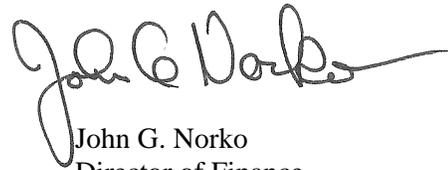
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I would like to thank Blum, Shapiro & Company, P.C., our independent auditors, for their professional guidance, assistance and many helpful comments and suggestions. I would also like to give special thanks to Susan Collier, Assistant Finance Director, 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,



John G. Norko
Director of Finance

Financial Section



Independent Auditors' Report

Board of Finance
Town of Stratford
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, 2007, 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 consideration of internal control over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stratford, Connecticut, as of June 30, 2007 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 February 27, 2008 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, 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 conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 12 and budgetary comparison information on pages 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.

Blum, Shapiro & Company, P.C.

February 27, 2008

TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

This discussion and analysis of the Town of Stratford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2007. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's net assets increased as a result of this year's operations. The net assets of our business-type activities increased by \$4.1 million, or 17.4% and the net assets of our governmental activities increased by \$.4 million, or 3.4%.
- During the year, the Town had expenses that were \$.2 million less than the \$176.2 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services increased to \$7.8 million (or 14.4%) while operating expenses increased by 10.4%.
- Total cost of all of the Town's programs was \$182.6 million with no major new programs added this year.
- The General Fund reported a fund balance this year of \$9.8 million.
- The resources available for appropriation were \$823 thousand more than budgeted for the General Fund. Expenditures were \$350 thousand over spending limits resulting in a surplus of \$473 thousand on a budgetary basis.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, 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 nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

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

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

Fund Financial Statements

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

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net assets increased from a year ago from \$35.5 million to \$40.1 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1
NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 57,872	\$ 155,132	\$ 9,157	\$ 7,418	\$ 67,029	\$ 162,550
Capital assets, net of depreciation	124,752	125,065	37,156	21,702	161,908	146,767
Total assets	182,624	280,197	46,313	29,120	228,937	309,317
Current liabilities	10,419	23,963	15,862	2,868	26,281	26,831
Long-term debt outstanding	159,878	244,292	2,709	2,678	162,587	246,970
Total liabilities	170,297	268,255	18,571	5,546	188,868	273,801
Net assets:						
Invested in capital assets, net of debt	51,351	43,229	23,437	16,638	74,788	59,867
Restricted	3,018	2,771			3,018	2,771
Unrestricted	(42,042)	(34,058)	4,305	6,936	(37,737)	(27,122)
Total net assets	\$ <u>12,327</u>	\$ <u>11,942</u>	\$ <u>27,742</u>	\$ <u>23,574</u>	\$ <u>40,069</u>	\$ <u>35,516</u>

Net assets of the Town's governmental activities increased by 3.4% (\$12.3 million compared to \$11.9 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 \$(34.1) million at June 30, 2006 to \$(42.0) million at the end of this year.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 8,994	\$ 7,328	\$ 7,836	\$ 6,850	\$ 16,830	\$ 14,178
Operating grants and contributions	28,496	30,325			28,496	30,325
Capital grants and contributions	1,027	966	2,755	1,366	3,782	2,332
General revenues:						
Property taxes	128,772	120,955			128,772	120,955
Grants and contributions not restricted to specific purposes	6,170	3,099			6,170	3,099
Unrestricted investment earnings	2,719	5,939	403	281	3,122	6,220
Total revenues	<u>176,178</u>	<u>168,612</u>	<u>10,994</u>	<u>8,497</u>	<u>187,172</u>	<u>177,109</u>
Program expenses:						
General government	33,510	33,698			33,510	33,698
Human development	6,628	7,671			6,628	7,671
Physical development	15,483	17,331			15,483	17,331
Public safety	21,777	20,302			21,777	20,302
Education	91,018	89,072			91,018	89,072
Interest expense	7,605	7,049			7,605	7,049
Waste operating			4,960	4,473	4,960	4,473
Short Beach Golf Course			363	406	363	406
Miniature Golf Course			22	24	22	24
Emergency Medical Services			1,252	1,074	1,252	1,074
Total program expenses	<u>176,021</u>	<u>175,123</u>	<u>6,597</u>	<u>5,977</u>	<u>182,618</u>	<u>181,100</u>
Funding reimbursement				(1,066)		(1,066)
Excess (deficiency) before transfers	157	(6,511)	4,397	1,454	4,554	(5,057)
Transfers	229	224	(229)	(224)	-	-
Change in Net Assets	\$ <u>386</u>	\$ <u>(6,287)</u>	\$ <u>4,168</u>	\$ <u>1,230</u>	\$ <u>4,554</u>	\$ <u>(5,057)</u>

The Town's total revenues were \$187.2 million. The total cost of all programs and services was \$182.6 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

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

Major revenue factors include:

- Property taxes increased by \$7.8 million over the prior year. Current tax collections totaled \$127.5 million or 98.4% of the levy. This is the highest collection rate in more than twenty years. Arrears taxes and interest collected were \$3.7 million. Unrestricted investment earnings were \$3.2 million less than the prior year.
- Operating grants for governmental activities decreased by \$1.8 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$20.2 million or 71% 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 electric power and 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>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General government	\$ 33,510	\$ 33,698	31,912	\$ 31,775
Public safety	21,777	20,302	20,065	18,520
Physical development	15,483	17,331	13,165	14,846
Education	91,018	89,072	61,569	59,868
Human development	6,628	7,671	3,749	5,176
All others	7,605	7,049	7,045	6,318
Totals	<u>\$ 176,021</u>	<u>\$ 175,123</u>	<u>137,505</u>	<u>\$ 136,503</u>

Business-Type Activities

Business-type activities increased the Town's net assets by \$4.2 million. The key factors were the Waste Operating Fund favorable operating results and capital investment in a major plant upgrade.

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 spend able 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 \$21.4 million, a decrease of \$108.1 million in comparison with the prior year. This primarily resulted from the transfer of \$106.6 million reserved for future pension related costs into the Town's Pension Trust Fund.

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 \$9.8 million. Of this total fund balance, \$1.7 million is reserved for encumbrances, \$5.0 million is designated for the emergency fund and the balance is reserved for future tax relief and miscellaneous small items.

The fund balance of the Town's General Fund increased by \$1,596,223 during the current fiscal year. Key factors affecting the General Fund are as follows:

- Collections of the current tax levy were 98.4%, the highest collection rate in over twenty years.
- Departmental revenues and investment earnings were also very favorable throughout the fiscal year.
- During the year, the Town solicited competitive bids for electric power for the first time. As a result, the Town contracted with a new electric power vendor and was able to avoid some of the local utility 50% graduated rate increase effective January 2007.

The Capital Projects Fund has a fund balance of \$5.8 million at the end of the year, a decrease of \$3.5 million from the prior year. During fiscal 2007 the Town did not issue bonds to fund capital improvements.

The Retiree Benefits Trust has a zero fund balance at year-end as a result of a transfer of \$106.6 million to the Pension Trust Fund.

Other nonmajor governmental funds have a total fund balance of \$5.8 million, an increase of \$.5 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 \$27.7 million at the end of 2007, increasing by approximately \$4.2 million from the previous year. This increase was due largely to capital investment in a major upgrade of the Town's Wastewater Treatment Plant.

Net assets of the Waste Operating Fund at the end of the year are \$26.1 million, 94.2% of total net assets of the fund. Other nonmajor activities have net assets of \$1.6 million or 5.8% of the total net assets. The total increase in net assets for all funds was \$4.2 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

Differences between the original budget and the final amended budget for both revenues and expenditures were less than 1%. During the year, revenues were over budgetary estimates by \$.8 million and expenditures were more than budgetary estimates by \$.3 million, thus creating an increase to fund balance.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2007 amounted to \$124.8 million and \$37.2 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was \$15.3 million due primarily to the upgrade of the WPCA Wastewater Treatment Plant.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 12,870	\$ 12,870	\$	\$	\$ 12,870	\$ 12,870
Land improvements	1,608	1,780	561	573	2,169	2,353
Buildings and improvements	88,984	89,059	5,305	5,140	94,289	94,199
Infrastructure	13,768	14,116	9,702	10,019	23,470	24,135
Machinery and equipment	7,191	6,724	2,463	2,463	9,654	9,187
Construction in progress	332	516	19,126	3,507	19,458	4,023
Totals	<u>\$ 124,753</u>	<u>\$ 125,065</u>	<u>\$ 37,157</u>	<u>\$ 21,702</u>	<u>\$ 161,910</u>	<u>\$ 146,767</u>

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

- Completion of the Lordship School Roof - \$.9
- Replacement of the Town Library roof - \$.5
- Replacement of flooring in various schools - \$1.2
- Upgrade of the Water Pollution Control Facility - \$16.2
- Purchase of Capital Equipment for Public Works - \$.3

The Town's fiscal-year 2007-08 capital plans call for it to spend another \$39.1 million for capital projects, principally for the following:

- Water Pollution Control Facility Upgrade - \$28.0 million.
- School Improvement Projects - \$2.8 million.
- Various Town wide improvement projects including roads, parks, capital equipment, a new EMS headquarters and the Shakespeare Theater - \$8.3 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, 2007 the Town had \$145.4 million in bonds and notes outstanding versus \$158.9 million last year, a decrease of 8.5%, as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 143,071	\$ 155,782	\$ 599	\$ 893	\$ 143,670	\$ 156,675
Notes payable			1,963	2,208	1,963	2,208
Totals	<u>\$ 143,071</u>	<u>\$ 155,782</u>	<u>\$ 2,562</u>	<u>\$ 3,101</u>	<u>\$ 145,633</u>	<u>\$ 158,883</u>

The Town issued no general obligation debt during FY2007.

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 \$919.1 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 4.5% for calendar year 2006 down significantly from 5.3% in 2005. This also compares to the State’s annual average unemployment rate of 4.3% and the US rate of 4.6%.

All of these factors were considered in preparing the Town’s budget for the 2006-07 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$8.1 million. In the FY2007-08 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.

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 20,912,690	\$ 6,946,844	\$ 27,859,534
Investments	6,410,117	1,962,331	8,372,448
Receivables, net	15,600,591	776,367	16,376,958
Internal balances	528,620	(528,620)	-
Net pension asset	14,395,272		14,395,272
Inventory and deferred charges	23,660		23,660
Capital assets:			
Assets not being depreciated	13,202,418	19,125,775	32,328,193
Assets being depreciated, net	111,550,362	18,029,873	129,580,235
Total assets	<u>182,623,730</u>	<u>46,312,570</u>	<u>228,936,300</u>
Liabilities:			
Accounts payables	8,877,710	4,671,586	13,549,296
Accrued liabilities	830,130	31,976	862,106
Unearned revenue	711,056	2,052	713,108
Bond anticipation notes		11,156,798	11,156,798
Noncurrent liabilities:			
Due within one year	15,651,564	621,788	16,273,352
Due in more than one year	144,226,674	2,087,043	146,313,717
Total liabilities	<u>170,297,134</u>	<u>18,571,243</u>	<u>188,868,377</u>
Net Assets:			
Invested in capital assets, net of related debt	51,350,697	23,436,638	74,787,335
Restricted for:			
Nonexpendable trust	3,018,132		3,018,132
Unrestricted	<u>(42,042,233)</u>	<u>4,304,689</u>	<u>(37,737,544)</u>
Total Net Assets	<u>\$ 12,326,596</u>	<u>\$ 27,741,327</u>	<u>\$ 40,067,923</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

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	\$ 33,509,723	\$ 1,597,312	\$	\$	\$ (31,912,411)	\$	\$ (31,912,411)
Human development	6,628,245	2,075,013	697,789	106,007	(3,749,436)		(3,749,436)
Physical development	15,483,088	1,053,645	343,800	921,112	(13,164,531)		(13,164,531)
Public safety	21,776,718	1,203,962	508,123		(20,064,633)		(20,064,633)
Education	91,018,280	3,063,754	26,385,819		(61,568,707)		(61,568,707)
Debt service	7,605,205		560,032		(7,045,173)		(7,045,173)
Total governmental activities	176,021,259	8,993,686	28,495,563	1,027,119	(137,504,891)	-	(137,504,891)
Business-type activities	6,596,876	7,835,563		2,755,227		3,993,914	3,993,914
‡ Total	\$ 182,618,135	\$ 16,829,249	\$ 28,495,563	\$ 3,782,346	\$ (137,504,891)	\$ 3,993,914	(133,510,977)
General revenues:							
Property taxes					128,771,605		128,771,605
Grants and contributions not restricted to specific programs					6,170,019		6,170,019
Unrestricted investment earnings					2,718,673	402,754	3,121,427
Total general revenues					137,660,297	402,754	138,063,051
Transfers					229,300	(229,300)	-
Total					137,889,597	173,454	138,063,051
Change in net assets					384,706	4,167,368	4,552,074
Net Assets at Beginning of Year					11,941,890	23,573,959	35,515,849
Net Assets at End of Year					\$ 12,326,596	\$ 27,741,327	\$ 40,067,923

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2007

	<u>General</u>	<u>Retiree Benefits Trust</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,843,944	\$	\$ 4,872,915	\$ 4,195,831	\$ 20,912,690
Investments	1,949,232		1,949,232	2,511,653	6,410,117
Receivables, net	11,672,655		506,738	535,089	12,714,482
Inventories				23,660	23,660
Due from other funds	<u>1,234,858</u>		<u>230,754</u>	<u>449,156</u>	<u>1,914,768</u>
Total Assets	<u>\$ 26,700,689</u>	<u>\$ -</u>	<u>\$ 7,559,639</u>	<u>\$ 7,715,389</u>	<u>\$ 41,975,717</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 4,337,423	\$	\$ 846,787	\$ 997,779	\$ 6,181,989
Accrued liabilities	813,006			17,124	830,130
Deferred revenue	10,841,079		493,482	811,891	12,146,452
Due to other funds	<u>864,625</u>		<u>464,338</u>	<u>57,185</u>	<u>1,386,148</u>
Total liabilities	<u>16,856,133</u>	<u>-</u>	<u>1,804,607</u>	<u>1,883,979</u>	<u>20,544,719</u>
Fund balances:					
Reserved	1,696,108			23,660	1,719,768
Unreserved, reported in:					
General Fund	8,148,448				8,148,448
Special Revenue Funds				2,789,618	2,789,618
Capital Project Funds			5,755,032		5,755,032
Permanent Funds				<u>3,018,132</u>	<u>3,018,132</u>
Total fund balances	<u>9,844,556</u>	<u>-</u>	<u>5,755,032</u>	<u>5,831,410</u>	<u>21,430,998</u>
Total Liabilities and Fund Balances	<u>\$ 26,700,689</u>	<u>\$ -</u>	<u>\$ 7,559,639</u>	<u>\$ 7,715,389</u>	
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					124,752,780
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds					28,716,777
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds					<u>(162,573,959)</u>
Net Assets of Governmental Activities (Exhibit I)					<u>\$ 12,326,596</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Retiree Benefits Trust</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes and assessments	\$ 131,728,690	\$	\$ 46,983	\$	\$ 131,775,673
State and Federal governments	30,242,213		207,217	6,458,884	36,908,314
Department revenue	2,443,563			3,008,842	5,452,405
Licenses and permits	598,137			296,986	895,123
Investment income	1,814,262		528,403	494,968	2,837,633
Other	3,948,218			41,687	3,989,905
Total revenues	<u>170,775,083</u>	<u>-</u>	<u>782,603</u>	<u>10,301,367</u>	<u>181,859,053</u>
Expenditures:					
Current:					
General government:					
Administration	3,565,869				3,565,869
Contingency	3,212,059				3,212,059
Employee benefits	16,363,636	106,564,179			122,927,815
Finance	1,728,845				1,728,845
Human development	5,034,224			1,275,258	6,309,482
Physical development	11,667,496			1,694,495	13,361,991
Public safety	20,886,761			261,053	21,147,814
Education	84,310,065			6,600,980	90,911,045
Debt service:					
Principal retirements	12,535,656				12,535,656
Interest and other charges	8,645,686				8,645,686
Capital outlay			5,441,567	383,918	5,825,485
Total expenditures	<u>167,950,297</u>	<u>106,564,179</u>	<u>5,441,567</u>	<u>10,215,704</u>	<u>290,171,747</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,824,786</u>	<u>(106,564,179)</u>	<u>(4,658,964)</u>	<u>85,663</u>	<u>(108,312,694)</u>
Other Financing Sources (Uses):					
Transfers in	259,300		1,092,863	395,000	1,747,163
Transfers out	(1,487,863)			(30,000)	(1,517,863)
Total other financing sources (uses)	<u>(1,228,563)</u>	<u>-</u>	<u>1,092,863</u>	<u>365,000</u>	<u>229,300</u>
Net Change in Fund Balances	1,596,223	(106,564,179)	(3,566,101)	450,663	(108,083,394)
Fund Balances at Beginning of Year	<u>8,248,333</u>	<u>106,564,179</u>	<u>9,321,133</u>	<u>5,380,747</u>	
Fund Balances at End of Year	<u>\$ 9,844,556</u>	<u>\$ -</u>	<u>\$ 5,755,032</u>	<u>\$ 5,831,410</u>	

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

Governmental funds reported 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 depreciation exceeded capital outlay in the current period. (311,933)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,514,664)

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. 12,945,123

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. 101,349,574

Change in Net Assets of Governmental Activities (Exhibit II) \$ 384,706

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2007

	Business-Type Activities		
	Waste Operating Funds	Other Nonmajor Funds	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,372,683	\$ 574,161	\$ 6,946,844
Investments	1,962,331		1,962,331
Receivables:			
Accounts and other	17,926	527,421	545,347
Special assessments	231,020		231,020
Due from other funds	135,202		135,202
Total current assets	<u>8,719,162</u>	<u>1,101,582</u>	<u>9,820,744</u>
Capital assets:			
Assets not being depreciated	19,108,165	17,610	19,125,775
Assets being depreciated, net	16,985,967	1,043,906	18,029,873
Total capital assets	<u>36,094,132</u>	<u>1,061,516</u>	<u>37,155,648</u>
Total assets	<u>44,813,294</u>	<u>2,163,098</u>	<u>46,976,392</u>
Liabilities:			
Current:			
Accounts payable	4,593,409	78,177	4,671,586
Accrued wages and benefits	23,697	8,279	31,976
Unearned revenue		2,052	2,052
Due to other funds	310,564	353,258	663,822
Bond anticipation notes	11,156,798		11,156,798
Bonds payable	329,000		329,000
Serial and notes payable	249,935		249,935
Compensated absences	15,062	27,791	42,853
Total current liabilities	<u>16,678,465</u>	<u>469,557</u>	<u>17,148,022</u>
Noncurrent liabilities:			
Bonds payable	270,000		270,000
Serial notes payable	1,713,277		1,713,277
Compensated absences	60,247	43,519	103,766
Total noncurrent liabilities	<u>2,043,524</u>	<u>43,519</u>	<u>2,087,043</u>
Total liabilities	<u>18,721,989</u>	<u>513,076</u>	<u>19,235,065</u>
Net Assets:			
Invested in capital assets, net of related debt	22,375,122	1,061,516	23,436,638
Unrestricted	<u>3,716,183</u>	<u>588,506</u>	<u>4,304,689</u>
Total Net Assets	<u>\$ 26,091,305</u>	<u>\$ 1,650,022</u>	<u>\$ 27,741,327</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities</u>		
	<u>Waste Operating Funds</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 6,218,597	\$ 1,616,966	\$ 7,835,563
Operating Expenses:			
Operating and maintenance	4,194,636	1,571,068	5,765,704
Depreciation	691,141	66,009	757,150
Total operating expenses	<u>4,885,777</u>	<u>1,637,077</u>	<u>6,522,854</u>
Operating Income (Loss)	<u>1,332,820</u>	<u>(20,111)</u>	<u>1,312,709</u>
Nonoperating Revenues (Expense):			
Interest income	368,413	34,341	402,754
Interest expense	(74,022)		(74,022)
Total nonoperating revenues	<u>294,391</u>	<u>34,341</u>	<u>328,732</u>
Income (Loss) Before Contributions and Transfers	1,627,211	14,230	1,641,441
Capital Contributions	2,755,227		2,755,227
Transfers Out	<u>(228,300)</u>	<u>(1,000)</u>	<u>(229,300)</u>
Change in Net Assets	4,154,138	13,230	4,167,368
Net Assets at Beginning of Year	<u>21,937,167</u>	<u>1,636,792</u>	<u>23,573,959</u>
Net Assets at End of Year	<u>\$ 26,091,305</u>	<u>\$ 1,650,022</u>	<u>\$ 27,741,327</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities		
	Waste Operating Funds	Other Nonmajor Funds	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 6,050,335	\$ 1,542,734	\$ 7,593,069
Cash payments to suppliers	(2,309,311)	(683,179)	(2,992,490)
Cash payments to employees	(1,540,021)	(535,847)	(2,075,868)
Net cash provided by operating activities	<u>2,201,003</u>	<u>323,708</u>	<u>2,524,711</u>
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	<u>(228,300)</u>	<u>(1,000)</u>	<u>(229,300)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal payments on debt	(538,896)		(538,896)
Proceeds from bond anticipation notes	9,218,554		9,218,554
Interest paid on debt	(74,022)		(74,022)
Purchase of capital assets	(11,667,771)	(223,174)	(11,890,945)
Intergovernmental revenue	<u>2,755,227</u>		<u>2,755,227</u>
Net cash used in capital and related financing activities	<u>(306,908)</u>	<u>(223,174)</u>	<u>(530,082)</u>
Cash Flows from Investing Activities:			
Interest revenues	368,413	34,341	402,754
Purchase of investments	<u>(978,831)</u>		<u>(978,831)</u>
Net cash provided by (used in) investing activities	<u>(610,418)</u>	<u>34,341</u>	<u>(576,077)</u>
Net Increase in Cash and Cash Equivalents	1,055,377	133,875	1,189,252
Cash and Cash Equivalents at Beginning of Year	<u>5,317,306</u>	<u>440,286</u>	<u>5,757,592</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,372,683</u>	<u>\$ 574,161</u>	<u>\$ 6,946,844</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 1,332,820	\$ (20,111)	\$ 1,312,709
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	691,141	66,009	757,150
Change in assets and liabilities:			
Decrease (increase) in accounts receivable and deferred charges	(53,318)	(86,555)	(139,873)
Decrease (increase) in due from other funds	(73,911)		(73,911)
Increase (decrease) in accounts payable and accrued expenses	(6,293)	31,921	25,628
Increase (decrease) in due to other funds	<u>310,564</u>	<u>332,444</u>	<u>643,008</u>
Net Cash Provided by Operating Activities	<u>\$ 2,201,003</u>	<u>\$ 323,708</u>	<u>\$ 2,524,711</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	Pension Trust Fund	Student Activity Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 2,377,995	\$ 381,815
Investments:		
Fixed income	25,320,662	
Common stocks	38,601,341	
Mutual funds - open end	59,122,823	
Other receivable	<u>325,218</u>	
Total assets	<u>125,748,039</u>	<u>\$ 381,815</u>
Liabilities:		
Due to students and others		\$ 381,815
Other liabilities	<u>96,968</u>	
Total liabilities	<u>96,968</u>	<u>\$ 381,815</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 125,651,071</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2007

Additions:	
Contributions:	
Plan members	\$ 1,846,322
Employer	5,086,900
Employer - other	<u>106,564,179</u>
Total contributions	<u>113,497,401</u>
Investment income:	
Net appreciation in fair market value of investments	14,011,791
Interest and dividends	<u>2,365,897</u>
Total investment income	16,377,688
Investment fee	<u>(131,867)</u>
Net investment income	<u>16,245,821</u>
Total additions	<u>129,743,222</u>
Deductions:	
Benefits	14,843,394
Other	<u>301,509</u>
Total deductions	<u>15,144,903</u>
Net Increase	114,598,319
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>11,052,752</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 125,651,071</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The Town provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 is 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 are 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 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 Fund accounts for the Defined Benefit and Defined Contribution Fund.

Agency Funds 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, do not have a measurement focus and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences and claims and judgments, as well as landfill closure and postclosure costs, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

The 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 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 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are assessed as of October 1 and are levied for and due on the following July 1. Taxes are due in two installments on July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1. Liens are recorded during the month of 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 of 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 \$162,573,959 difference are as follows:

Bonds payable	\$ 143,071,000
Accrued interest on bonds payable	2,695,721
Capital leases payable	26,083
Claims and judgments	600,000
IBNR claims	5,734,000
Landfill monitoring closure and postclosure costs	4,784,000
Compensated absences	<u>5,663,155</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets of Governmental Activities	\$ <u><u>162,573,959</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 \$28,716,777 difference consisting of receivables are as follows:

Property taxes	\$ 3,098,341
Assessments	487,207
Accrued interest on taxes receivable	2,886,109
Housing loans	107,112
Net pension asset	14,395,272
School construction - state aid receivable	<u>7,742,736</u>
 Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Assets of Governmental Activities	 \$ <u><u>28,716,777</u></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 \$(311,933) difference are as follows:

Capital outlay	\$ 5,467,767
Loss on disposal of capital assets	(37,683)
Depreciation expense	<u>(5,742,017)</u>
 Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	 \$ <u><u>(311,933)</u></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 \$12,945,123 difference are as follows:

Debt issued or incurred:	
Amortization of premiums	\$ 221,188
Principal repayments:	
General obligation debt	12,711,000
Payment to capital leases	<u>12,935</u>
 Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	 \$ <u><u>12,945,123</u></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 \$101,349,574 difference are as follows:

Compensated absences	\$ 2,923,009
Accrued interest on bonds payable	643,949
Landfill	(184,000)
Net pension obligation	97,723,616
IBNR	<u>243,000</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 101,349,574</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, 2007.

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, 2007:

	<u>Amount</u>
Miscellaneous Grants	\$ 86,387

* 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 do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:	
Demand accounts (including interest bearing accounts)	\$ 24,618,690
Petty cash	3,395
Cash equivalents:	
Wachovia Securities	2,377,995
JP Morgan Chase Bank	146,454
State Tax Exempt Proceeds Fund	12,080
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	<u>3,460,730</u>
Total Cash and Cash Equivalents	<u>\$ 30,619,344</u>

Deposits

At June 30, 2007, the carrying amount of the Town deposits was \$24,618,690 and the bank balance was \$25,189,601.

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, 2007 bank balance, \$399,850 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 \$2,478,975, based on June 30, 2007 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, 2007, the Town's cash equivalents amounted to \$5,997,259. 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>
JP Morgan Chase Bank	*
Wachovia Securities	*
State Tax Exempt Proceeds Fund (TEPF)	*
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AAAm

*Not rated

B. Investments

Investments as of June 30, 2007 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	\$ 13,253,243	2.70
Corporate bonds	12,067,419	1.81
Other fixed income	6,689,234	.19
Other investments:		
Common stock	40,284,555	
Pooled open-end mutual fund accounts:		
Pension Trust Funds	<u>59,122,823</u>	
Total	<u>\$ 131,417,274</u>	

Portfolio weighted average maturity for interest-bearing investments

1.84

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.

	Moody's Investor Service
Corporate bonds:	
AAA	8%
Aa1 to Aa3	32%
A1 to A3	54%
Less than A3	6%
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 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007, 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>Capital Projects</u>	<u>Waste Operating</u>	<u>Pension Trust</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,271,508	\$	\$	\$	\$ 750,577	\$ 5,022,085
Accounts and other	159,544	13,256	17,926	325,218	535,762	1,051,706
Special assessments		493,482	231,020			724,502
Intergovernmental	<u>7,891,603</u>					<u>7,891,603</u>
Gross receivables	12,322,655	<u>506,738</u>	<u>248,946</u>	<u>325,218</u>	<u>1,286,339</u>	<u>14,689,896</u>
Less allowance for uncollectibles	<u>(650,000)</u>				<u>(223,829)</u>	<u>(873,829)</u>
Net Total Receivables	<u>\$ 11,672,655</u>	<u>\$ 506,738</u>	<u>\$ 248,946</u>	<u>\$ 325,218</u>	<u>\$ 1,062,510</u>	<u>\$ 13,816,067</u>

Note: Does not include accrued interest on property taxes of \$2,886,109.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 3,098,341	\$
Special assessments not yet due	487,207	
School building grants	7,742,736	
Housing loans	107,112	
Other		6,277
Grant drawdowns and other revenues received prior to meeting all eligibility requirements		<u>704,779</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 11,435,396</u>	 <u>\$ 711,056</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 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	<u>516,294</u>	<u>110,022</u>	<u>294,404</u>	<u>331,912</u>
Total capital assets not being depreciated	<u>13,386,800</u>	<u>110,022</u>	<u>294,404</u>	<u>13,202,418</u>
Capital assets being depreciated:				
Land improvements	4,701,794	16,883		4,718,677
Buildings and improvements	127,000,630	2,675,855		129,676,485
Machinery and equipment	25,949,364	2,084,664	121,617	27,912,411
Infrastructure	<u>80,076,729</u>	<u>874,747</u>		<u>80,951,476</u>
Total capital assets being depreciated	<u>237,728,517</u>	<u>5,652,149</u>	<u>121,617</u>	<u>243,259,049</u>
Less accumulated depreciation for:				
Land improvements	2,921,463	188,771		3,110,234
Buildings and improvements	37,941,882	2,750,998		40,692,880
Machinery and equipment	19,225,356	1,580,371	83,934	20,721,793
Infrastructure	<u>65,961,903</u>	<u>1,221,877</u>		<u>67,183,780</u>
Total accumulated depreciation	<u>126,050,604</u>	<u>5,742,017</u>	<u>83,934</u>	<u>131,708,687</u>
Total capital assets being depreciated, net	<u>111,677,913</u>	<u>(89,868)</u>	<u>37,683</u>	<u>111,550,362</u>
Governmental Activities Capital Assets, Net	<u>\$ 125,064,713</u>	<u>\$ 20,154</u>	<u>\$ 332,087</u>	<u>\$ 124,752,780</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	\$ 3,506,938	\$ 15,618,837	\$ _____	\$ 19,125,775
Capital assets being depreciated:				
Land improvements	2,273,634			2,273,634
Buildings and improvements	9,790,272	365,351		10,155,623
Machinery and equipment	12,622,875	226,211		12,849,086
Infrastructure	20,968,713			20,968,713
Total capital assets being depreciated	<u>45,655,494</u>	<u>591,562</u>	<u>-</u>	<u>46,247,056</u>
Less accumulated depreciation for:				
Land improvements	1,700,671	12,181		1,712,852
Buildings and improvements	4,650,668	200,377		4,851,045
Machinery and equipment	10,159,152	227,139		10,386,291
Infrastructure	10,949,542	317,453		11,266,995
Total accumulated depreciation	<u>27,460,033</u>	<u>757,150</u>	<u>-</u>	<u>28,217,183</u>
Total capital assets being depreciated, net	<u>18,195,461</u>	<u>(165,588)</u>	<u>-</u>	<u>18,029,873</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,702,399</u>	<u>\$ 15,453,249</u>	<u>\$ -</u>	<u>\$ 37,155,648</u>

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

Governmental activities:	
General Government	\$ 283,840
Human Development	291,691
Physical Development	1,763,379
Public Safety	682,323
Education	<u>2,720,784</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,742,017</u>
Business-type activities:	
Waste Operating	\$ 691,141
Short Beach Golf Course	8,176
Miniature Golf Course	11,068
Emergency Medical Services	<u>46,765</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 757,150</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2007, 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	\$ 1,234,858	\$ 864,625
Special Revenue Funds:		
Community Development		30,647
Railroad Property		350
Miscellaneous Grants	451	14,891
Department of Child and Family Services	1,573	13,292
Counseling Center	477	
Harbor Management		300
Senior Citizens		206
Reserve Fund	449,156	
Capital Projects Funds:		
Capital Improvements	108,954	
Capital Special Projects	223,982	
Sidewalk and Road		21,556
Sewer Revolving	6,771	133,296
Water Hookup		229,665
Capital Equipment		188,774
Enterprise Funds:		
Waste Operating	135,202	310,564
Emergency Medical Services		321,122
Short Beach Golf Course		4,583
Miniature Golf		27,553
	<u> </u>	<u> </u>
Total	\$ <u>2,161,424</u>	\$ <u>2,161,424</u>

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

Interfund transfers:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 1,092,863	\$ 395,000	\$ 1,487,863
Waste Operating Fund	228,300			228,300
Nonmajor governmental funds	30,000			30,000
Nonmajor enterprise funds	1,000			1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>259,300</u>	\$ <u>1,092,863</u>	\$ <u>395,000</u>	\$ <u>1,747,163</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds and notes	\$ 155,782,000	\$	\$ 12,711,000	\$ 143,071,000	\$ 14,506,000
Deferred amounts:					
Issue premiums	221,188		221,188	-	
Total bonds and notes payable	156,003,188		12,932,188	143,071,000	14,506,000
Capital leases	39,018		12,935	26,083	12,933
Claims and judgments	600,000			600,000	
Compensated absences	8,586,164	343,447	3,266,456	5,663,155	1,132,631
Landfill monitoring closure and postclosure costs	4,600,000	184,000		4,784,000	
Net pension obligation	83,328,344		83,328,344	-	
Risk management	5,977,000		243,000	5,734,000	
Governmental Activities Long-Term Liabilities	<u>\$ 259,133,714</u>	<u>\$ 527,447</u>	<u>\$ 99,782,923</u>	<u>\$ 159,878,238</u>	<u>\$ 15,651,564</u>
Business-type activities:					
General obligation bonds payable	\$ 893,000	\$	\$ 294,000	\$ 599,000	\$ 329,000
Notes payable	2,208,107		244,895	1,963,212	249,935
Compensated absences	145,947	672		146,619	42,853
Business-Type Activities Long-Term Liabilities	<u>\$ 3,247,054</u>	<u>\$ 672</u>	<u>\$ 538,895</u>	<u>\$ 2,708,831</u>	<u>\$ 621,788</u>

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 has been eliminated this year through a contribution from the Retiree Benefits Trust fund to the Pension Trust Fund.

As of June 30, 2007, the outstanding general obligation bonded indebtedness of the Town recorded in the governmental activities was as follows:

School bonds with interest rates ranging from 2.5% to 7.0% and varying expiration dates ranging from March 2006 to August 2020	\$ 49,447,980
Public improvement bonds with interest rates ranging from 2.5% to 9.5% and varying expiration dates ranging from April 2006 to August 2020	23,928,020
General obligation pension bonds with interest rates ranging from 6.0% to 6.7% and varying expiration dates to February 2018	<u>69,695,000</u>
Total	<u>\$ 143,071,000</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>
2008	\$ 14,506,000	\$ 7,569,206	\$ 22,075,206
2009	10,720,000	6,831,328	17,551,328
2010	11,000,000	6,280,040	17,280,040
2011	11,285,000	5,706,205	16,991,205
2012	10,895,000	5,082,572	15,977,572
2013-2017	57,910,000	16,423,782	74,333,782
2018-2022	22,605,000	2,784,604	25,389,604
2023-2026	<u>4,150,000</u>	<u>265,934</u>	<u>4,415,934</u>
Total	<u>\$ 143,071,000</u>	<u>\$ 50,943,671</u>	<u>\$ 194,014,671</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, 2007 was approximately \$3.7 million. Additional payments for bond principal aggregating approximately \$7.7 million 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 \$5,663,155 as of June 30, 2007.

The liability for compensated absences will be funded from the General Fund and the Waste Operating Fund.

Bond Authorizations

Bonds authorized but unissued at June 30, 2007 are as follows:

General purpose	\$ 55,118,653
Schools	1,940,875
Sewers	<u>63,900,000</u>
Total	<u>\$ 120,959,528</u>

Capital Leases Obligations

Future minimum lease payments are as follows:

2008	\$	12,933
2009		10,521
2010		7,027
Total		<u>30,481</u>
Less amount representing interest		<u>(4,398)</u>
Total	\$	<u><u>26,083</u></u>

Business-Type Activities Obligations

At June 30, 2007, 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	\$	599,000
Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2015		<u>1,963,212</u>
Total	\$	<u><u>2,562,212</u></u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 578,935	\$ 50,946	\$ 629,881
2009	254,979	31,938	286,917
2010	260,125	26,792	286,917
2011	265,376	21,541	286,917
2012	270,732	16,185	286,917
2013-2015	<u>932,065</u>	<u>16,955</u>	<u>949,020</u>
Total	<u>\$ 2,562,212</u>	<u>\$ 164,357</u>	<u>\$ 2,726,569</u>

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 295,441	\$ 23,931	\$ 271,510
Schools	590,882	41,742	549,140
Sewers	492,401	54,460	437,941
Urban renewal	426,748		426,748
Pension deficit	393,921	69,695	324,226

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 (\$919.1 million).

The Town had \$11 million Clean Water Fund notes payable at June 30, 2007 relating to the Waste Operating Fund.

9. NET ASSETS/FUND BALANCES

Reservations and Designations

Descriptions of the various reservations and designations 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.

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 Year</u>	<u>Claims Payable, July 1</u>	<u>Paid Claims and Changes in Estimates</u>	<u>Claims Payable, June 30</u>
2007	\$ 6,187,000	\$ (243,000)	\$ 5,944,000
2006	5,410,000	777,000	6,187,000

At June 30, 2007, \$210 thousand is expected to be paid from current resources recorded as an accrued liability on the fund financial statements, and approximately \$5.7 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 17 other Connecticut municipalities (the 18 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 \$70 per ton. The aggregate minimum commitment of the 18 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.

The Town, in accordance with various collective bargaining and employment agreements, is committed to provide health and other benefits to certain eligible retirees and their spouses. Actuarial valuations involve estimates of the value of reported amounts and assumption about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. The Government Accounting Standards Board (GASB) has issued statements to establish financial reporting and liability calculation, along with the requirement to disclose the government's funding strategy and progress.

Although the Town has not established a trust fund as of June 30, 2007 to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines, a preliminary draft actuarial valuation was prepared to value the estimated accrued liability and the annual required contribution (ARC) for the subsequent year. The following reflects the assumptions and results of the actuarial report:

Valuation report date	July 1, 2007
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	8.25%
Actuarial accrued liability	\$98,049,000
ARC - fiscal year ending June 30, 2008	\$8,783,000

As of June 30, 2007, the funding and payment of postemployment benefits are both accounted for in the General Fund. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, since a combination of trust fund and internal service fund control may be used, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town currently has approximately 2,281 retirees receiving benefits. The Town's 2007-08 budget provides for no additional funding, other than the estimated additional amount that will be needed to pay retiree claims currently due.

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 30 years after closure. The estimated total current cost of the landfill closure and postclosure care, aggregating approximately \$4.8 million, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfills as of June 30, 2007. 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, 2006, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries:	
Currently receiving benefits	529
Vested, benefits deferred	31
Current employees:	
Vested	322
Nonvested	89
	<hr/>
Total	971
	<hr/> <hr/>

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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, 2007 were as follows:

Annual required contribution	\$ 12,435,843
Interest on net pension obligation	6,874,588
Adjustment to annual required contribution	<u>(5,382,968)</u>
Annual pension cost	13,927,463
Contributions made	<u>111,651,079</u>
Increase in net pension obligation	(97,723,616)
Net pension obligation, July 1, 2006*	<u>83,328,344</u>
Net Pension Asset, June 30, 2007	\$ <u><u>(14,395,272)</u></u>

* Contribution includes proceeds from previously issued pension obligation bonds reflected as a major special revenue fund in the June 30, 2006 financial statements. This amount was \$106,564,179.

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	23 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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/07	\$ 13,927,463	801.6%	\$ (14,395,272)
6/30/06	13,102,488	36.9	83,328,344
6/30/05	12,605,672	34.0	75,066,796

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/07	\$ 12,435,843	897.8%
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	-
6/30/02	6,527,819	67.0

F. Pension Plan Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/05	\$ 15,502	\$ 195,581	\$ 180,079	8.0%	\$ 26,482	680.0%
7/1/04	20,649	191,851	171,202	10.8	24,130	709.5
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

Defined Contribution Pension Plan

The Town administers a defined contribution pension plan which was opened to new members and contributions beginning in 1999. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are vested after five years of service with the Town. 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 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the Plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, Connecticut 06105.

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$5,464,474 for the year ended June 30, 2007.

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current levy	\$ 127,509,393	\$ 127,509,393	\$ 128,278,091	\$ 768,698
Arrears	2,525,000	2,525,000	1,961,044	(563,956)
Interest and lien fees	1,162,000	1,162,000	1,270,204	108,204
Payments in lieu of taxes	247,000	247,000	219,351	(27,649)
Total property taxes	<u>131,443,393</u>	<u>131,443,393</u>	<u>131,728,690</u>	<u>285,297</u>
Intergovernmental revenues:				
State:				
Education equalization grant	16,614,600	16,614,600	16,456,834	(157,766)
School bond principal	3,128,900	3,128,900	3,180,106	51,206
School bond interest	630,700	630,700	560,032	(70,668)
Special education	1,121,500	1,121,500	940,981	(180,519)
Veterans' additional relief	127,200	127,200	121,169	(6,031)
Aid for the blind	63,000	63,000	59,566	(3,434)
In lieu of State property tax	318,400	318,400	328,244	9,844
Health and welfare	79,700	79,700	77,497	(2,203)
State disability exemption	7,700	7,700	8,584	884
Elderly exemption and circuit breaker	750,000	750,000	643,831	(106,169)
Elderly freeze	22,000	22,000		(22,000)
State transportation	575,000	575,000	604,523	29,523
State nonpublic transportation	72,000	72,000	71,276	(724)
State telephone 86-178	270,000	270,000	250,343	(19,657)
In lieu of boat tax	49,700	49,700	49,670	(30)
Manufacturing pilot grant	1,020,000	1,020,000	867,529	(152,471)
Airplane registration	34,600	34,600	38,160	3,560
Mashantucket grant	256,800	256,800	239,737	(17,063)
State revenue sharing			229,657	229,657
Total state	<u>25,141,800</u>	<u>25,141,800</u>	<u>24,727,739</u>	<u>(414,061)</u>
Federal:				
Civil preparedness	7,500	7,500		(7,500)
Federal grants			50,000	50,000
Total federal	<u>7,500</u>	<u>7,500</u>	<u>50,000</u>	<u>42,500</u>
Total intergovernmental revenues	<u>25,149,300</u>	<u>25,149,300</u>	<u>24,777,739</u>	<u>(371,561)</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Departmental revenues:				
Town Clerk	\$ 1,330,600	\$ 1,330,600	\$ 1,378,118	\$ 47,518
Police Department	50,500	50,500	56,783	6,283
Planning and zoning	68,500	68,500	82,861	14,361
Health Department	171,400	171,400	183,124	11,724
Education	75,000	75,000	108,507	33,507
Public works	17,000	17,000	19,492	2,492
Finance	10,000	10,000	42,578	32,578
Recreation	182,500	182,500	216,329	33,829
Sanitation	255,000	255,000	338,515	83,515
Inland Wetlands	20,000	20,000	10,130	(9,870)
Baldwin Center	4,200	4,200	7,127	2,927
Total departmental revenues	<u>2,184,700</u>	<u>2,184,700</u>	<u>2,443,564</u>	<u>258,864</u>
Licenses and permits:				
Building permits	382,000	382,000	527,828	145,828
Boothe Memorial Park income	45,000	45,000	36,164	(8,836)
Building education training fee	700	700	(211)	(911)
Public Works licenses	1,400	1,400	1,475	75
Street and sewer permits	24,000	24,000	32,880	8,880
Total licenses and permits	<u>453,100</u>	<u>453,100</u>	<u>598,136</u>	<u>145,036</u>
Investment income	<u>950,000</u>	<u>1,401,909</u>	<u>1,814,262</u>	<u>412,353</u>
Other:				
Miscellaneous rental:				
Cell tower rentals	50,600	50,600	50,556	(44)
Other Baldwin rental	5,000	5,000	5,040	40
Medicare reimbursement	83,000	83,000	61,419	(21,581)
EMS reimbursement	431,300	431,300	431,300	-
Health reimbursements	1,202,000	1,202,000	1,341,314	139,314
Social Security reimbursements	300,000	300,000	314,722	14,722
Fire and liability reimbursements	235,000	235,000	225,705	(9,295)
Fire administration miscellaneous revenue			356	356
Medical examination reimbursements	25,000	25,000	27,180	2,180
Workers' compensation reimbursement	100,000	100,000	292,539	192,539
Workers' compensation recovery			20,000	20,000
Library refunds and reimbursements	9,300	9,300	23,094	13,794

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other (continued):				
Insurance recovery	\$	\$	\$ 16,792	\$ 16,792
Historic Commission fees			245	245
Plan forfeits			425	425
Police special duty - administration	51,000	51,000	61,196	10,196
Police special duty - reimbursement		1,010,623	1,010,623	-
Boothe Estates	65,200	65,200	65,712	512
Total other	<u>2,557,400</u>	<u>3,568,023</u>	<u>3,948,218</u>	<u>380,195</u>
Fund balance appropriation		287,463		(287,463)
Total revenues	<u>162,737,893</u>	<u>164,487,888</u>	<u>165,310,609</u>	<u>822,721</u>
Other financing sources:				
Transfers in	<u>259,300</u>	<u>259,300</u>	<u>259,300</u>	<u>-</u>
Total	<u>\$ 162,997,193</u>	<u>\$ 164,747,188</u>	165,569,909	<u>\$ 822,721</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

5,464,474

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

\$ 171,034,383

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Administration:				
Council Clerk	\$ 52,500	\$ 54,670	\$ 54,765	\$ (95)
Office of the Mayor	240,300	240,137	240,137	-
Human resources	336,500	472,191	482,700	(10,509)
Town Attorney	920,500	1,167,602	1,187,274	(19,672)
Chief Administrative Officer	162,300	117,013	118,652	(1,639)
Department of Planning	305,100	302,827	303,317	(490)
Registrar of Voters	192,000	174,593	174,594	(1)
Town Clerk	375,800	374,971	374,969	2
Town buildings	413,700	500,320	500,823	(503)
Agencies	142,500	128,843	130,450	(1,607)
Total	<u>3,141,200</u>	<u>3,533,167</u>	<u>3,567,681</u>	<u>(34,514)</u>
Contingency	<u>2,564,800</u>	<u>2,857,579</u>	<u>3,177,804</u>	<u>(320,225)</u>
Employee benefits	<u>25,640,200</u>	<u>25,480,183</u>	<u>25,480,173</u>	<u>10</u>
Finance:				
Administration	148,700	143,742	143,742	-
Accounting	265,300	273,411	273,411	-
Data processing	395,900	383,816	383,816	-
Purchasing	126,200	123,083	123,194	(111)
Tax Assessor	392,000	394,000	393,996	4
Tax Collector	434,100	419,784	420,056	(272)
Total	<u>1,762,200</u>	<u>1,737,836</u>	<u>1,738,215</u>	<u>(379)</u>
Human development:				
Community services	263,200	237,742	237,743	(1)
Economic Community Development	187,100	175,830	175,830	-
Health Department	619,500	627,947	628,089	(142)
Recreation Department	671,100	666,929	680,087	(13,158)
Senior Services	544,200	549,398	549,926	(528)
Sterling House	108,500	108,500	108,500	-
Stratford Library Association	2,456,450	2,468,970	2,468,970	-
Visiting Nurses Association	53,500	53,500	53,500	-
Short Beach	124,400	131,594	131,613	(19)
Total	<u>5,027,950</u>	<u>5,020,410</u>	<u>5,034,258</u>	<u>(13,848)</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Physical development:				
Public works:				
Administration	\$ 1,097,400	\$ 837,030	\$ 837,030	\$ -
Building inspection	181,100	182,028	182,029	(1)
Building maintenance	1,239,400	1,216,156	1,214,475	1,681
Engineering	544,300	545,742	545,742	-
Parks	2,035,100	1,921,949	1,927,599	(5,650)
Highways	2,199,000	2,256,077	2,257,562	(1,485)
Town garage	684,000	696,463	696,493	(30)
Sanitation/refuse	3,989,300	3,999,142	3,999,539	(397)
Total	<u>11,969,600</u>	<u>11,654,587</u>	<u>11,660,469</u>	<u>(5,882)</u>
Public safety:				
Fire Department:				
Administration	876,700	782,897	783,087	(190)
Firefighting	8,972,300	8,887,645	8,887,847	(202)
Fire prevention	250,500	245,947	245,947	-
Police Department:				
Administration	911,700	1,136,890	1,137,145	(255)
Investigation	1,505,400	1,582,497	1,582,498	(1)
Patrol	5,582,100	6,733,620	6,708,264	25,356
Records	223,700	220,099	220,099	-
Traffic	520,900	523,192	522,460	732
Communications center	775,200	790,477	791,346	(869)
Total	<u>19,618,500</u>	<u>20,903,264</u>	<u>20,878,693</u>	<u>24,571</u>
Board of Education	<u>79,536,643</u>	<u>79,536,643</u>	<u>79,536,244</u>	<u>399</u>
Debt service:				
Bonds payable:				
Principal retirement	8,691,000	8,691,000	8,691,000	-
Interest	3,844,700	3,844,656	3,844,656	-
Total	<u>12,535,700</u>	<u>12,535,656</u>	<u>12,535,656</u>	<u>-</u>
Total expenditures	<u>161,796,793</u>	<u>163,259,325</u>	<u>163,609,193</u>	<u>(349,868)</u>
Other financing uses:				
Transfers out	<u>1,200,400</u>	<u>1,487,400</u>	<u>1,487,863</u>	<u>(463)</u>
Total	<u>\$ 162,997,193</u>	<u>\$ 164,746,725</u>	<u>165,097,056</u>	<u>\$ (350,331)</u>

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND**

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</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			5,464,474	
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			(679,422)	
Other			<u>(443,948)</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 169,438,160</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, CONNECTICUT

GENERAL FUND

BALANCE SHEET

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 11,843,944	\$ 8,832,597
Investments	1,949,232	-
Receivables, net	11,672,655	15,995,173
Due from other funds	<u>1,234,858</u>	<u>3,074,223</u>
Total Assets	<u>\$ 26,700,689</u>	<u>\$ 27,901,993</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 4,337,423	\$ 3,077,456
Accrued liabilities	813,006	834,400
Deferred revenue	10,841,079	15,232,433
Due to other funds	864,625	509,371
Total liabilities	<u>16,856,133</u>	<u>19,653,660</u>
Fund balance:		
Reserved	1,696,108	1,016,686
Unreserved	8,148,448	7,231,647
Total fund balance	<u>9,844,556</u>	<u>8,248,333</u>
Total Liabilities and Fund Balance	<u>\$ 26,700,689</u>	<u>\$ 27,901,993</u>

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2007

Grand List	Uncollected Taxes July 1, 2006	Current Levy	Lawful Corrections	Transfers To Suspense	Adjusted Taxes Collectible	Collections				Total Collected	Uncollected Taxes June 30, 2007	
						Taxes Paid	Interest	Lien	Other			
2005	\$	\$ 130,503,556	\$ 716,859	\$ 41,777	\$ 129,744,920	\$ 127,684,116	\$ 429,172	\$ 4,290	\$ 64,268	128,181,846	\$ 2,060,804	
2004		2,002,131	220,685		1,781,446	1,617,738	326,739	6,576	11,750	1,962,803	163,708	
2003		1,230,775	85,104		1,145,671	432,997	177,801	1,569	26,575	638,942	712,674	
2002		519,405	80,028	342,778	96,599	87,431	61,047	679	11,374	160,531	9,168	
2001		200,874	70,532		130,342	(3,819)	28,047	240	2,484	26,952	134,161	
2000		361,756	68,571		293,185	(1,728)	15,406	240	254	14,172	294,913	
1999		193,114	59,651		133,463	35,638	32,102	196	38	67,974	97,825	
1998		197,368	57,774		139,594	32,961	26,638	234	397	60,230	106,633	
1997		212,433	56,739		155,694	24,524	23,569	203	241	48,537	131,170	
1996		116,513			116,513	23,580	18,079	192		41,851	92,933	
1995		62,122			62,122	5,371	9,842	168		15,381	56,751	
1994		72,093			72,093	5,029	10,118	168		15,315	67,064	
1993		72,586			72,586	5,107	11,159	192		16,458	67,479	
1992		88,338			88,338	4,820	11,410	192	19	16,441	83,518	
1991		111,106			111,106	3,204	8,125	192	1,227	12,748	107,902	
1990		84,810			84,810	5	(29)	24		-	84,805	
	\$	<u>5,525,424</u>	<u>130,503,556</u>	<u>1,415,943</u>	<u>384,555</u>	<u>134,228,482</u>	<u>129,956,974</u>	<u>1,189,225</u>	<u>15,355</u>	<u>118,627</u>	<u>131,280,181</u>	<u>4,271,508</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fund	Funding Source	Function
School Lunch Program	Sale of food and grants	School lunch program
Community Development	Federal grant - DHUD and program income	Community development programs
Education Federal and State Programs	State and Federal grant	Education programs
Shellfish and Oysters	Grants and local contributions	Activities of Shellfish Commission
Counseling Center	State grants and contributions	Drug addiction counseling
Continuing Education	State and Federal grants	Continuing education
Redevelopment Agency	Grants and local contributions	Stratford Redevelopment Agency
Railroad Property	Collection of fees	Railroad station parking
Miscellaneous Grants	Federal and state grants	Health and social services program
Department of Children and Family Services	Grants and local contributions	Department of Children and Families
Recreation		Recreation programs
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 STRATFORD, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	<u>Special Revenue Funds</u>						
	<u>School Lunch Program</u>	<u>Community Development</u>	<u>Education Federal and State Programs</u>	<u>Shellfish and Oysters</u>	<u>Counseling Center</u>	<u>Continuing Education</u>	<u>Redevelopment Agency</u>
Assets							
Cash and cash equivalents	\$ 366,986	\$ 42,773	\$ 87,044	\$ 35,141	\$ 45,701	\$ 87,883	\$ 387,235
Investments							
Accounts receivable		107,259		143	186		1,582
Intergovernmental	162,949	30,339	192,974				
Due from other funds					477		
Inventory	<u>23,660</u>						
Total Assets	<u>\$ 553,595</u>	<u>\$ 180,371</u>	<u>\$ 280,018</u>	<u>\$ 35,284</u>	<u>\$ 46,364</u>	<u>\$ 87,883</u>	<u>\$ 388,817</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 504,293	\$ 24,467	\$ 250,513	\$ -	\$ 1,273	\$ -	\$ -
Accrued liabilities							
Deferred revenue		107,112	29,505				
Due to other funds		30,647					
Total liabilities	<u>504,293</u>	<u>162,226</u>	<u>280,018</u>	<u>-</u>	<u>1,273</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for inventory	23,660						
Unreserved and undesignated	<u>25,642</u>	<u>18,145</u>	<u>-</u>	<u>35,284</u>	<u>45,091</u>	<u>87,883</u>	<u>388,817</u>
Total fund balance	<u>49,302</u>	<u>18,145</u>	<u>-</u>	<u>35,284</u>	<u>45,091</u>	<u>87,883</u>	<u>388,817</u>
Total Liabilities and Fund Balances	<u>\$ 553,595</u>	<u>\$ 180,371</u>	<u>\$ 280,018</u>	<u>\$ 35,284</u>	<u>\$ 46,364</u>	<u>\$ 87,883</u>	<u>\$ 388,817</u>

(Continued on next page)

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

JUNE 30, 2007

	Special Revenue Funds						
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Dog	Town Aid Road	Senior Citizens
Assets							
Cash and cash equivalents	\$ 1,225,624	\$ 141,720	\$ 89,743	\$ 195,100	\$ 17,787	\$ 261,761	\$ 44,463
Investments							
Accounts receivable	4,981	578	10,590	793	71	1,064	184
Intergovernmental		18,733					
Due from other funds		451	1,573				
Inventory							
Total Assets	\$ 1,230,605	\$ 161,482	\$ 101,906	\$ 195,893	\$ 17,858	\$ 262,825	\$ 44,647
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 9,195	\$ 48,738	\$ 34,328	\$ 23,770	\$ 3,881	\$ 65,298	\$ 1,707
Accrued liabilities	1,376	2,232	6,674	5,042	933		219
Deferred revenue		182,008	44,110				
Due to other funds	350	14,891	13,292				206
Total liabilities	10,921	247,869	98,404	28,812	4,814	65,298	2,132
Fund balances:							
Reserved for inventory							
Unreserved and undesignated	1,219,684	(86,387)	3,502	167,081	13,044	197,527	42,515
Total fund balance	1,219,684	(86,387)	3,502	167,081	13,044	197,527	42,515
Total Liabilities and Fund Balances	\$ 1,230,605	\$ 161,482	\$ 101,906	\$ 195,893	\$ 17,858	\$ 262,825	\$ 44,647

(Continued on next page)

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

JUNE 30, 2007

	Special Revenue Funds						
	Police Special Services	Harbor Management	Recycling	Gas Pipeline	Sewer Maintenance	Reserve	Total
Assets							
Cash and cash equivalents	\$ 109,570	\$ 69,995	\$ 2,218	\$ 444,504	\$ 34,104	\$	\$ 3,689,352
Investments							-
Accounts receivable		284		2,241	138		130,094
Intergovernmental							404,995
Due from other funds						449,156	451,657
Inventory							23,660
Total Assets	\$ 109,570	\$ 70,279	\$ 2,218	\$ 446,745	\$ 34,242	\$ 449,156	\$ 4,699,758
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$	\$ 6,269	\$	\$	\$ 24,047	\$	\$ 997,779
Accrued liabilities		648					17,124
Deferred revenue						449,156	811,891
Due to other funds		300					59,686
Total liabilities	-	7,217	-	-	24,047	449,156	1,886,480
Fund balances:							
Reserved for inventory							23,660
Unreserved and undesignated	109,570	63,062	2,218	446,745	10,195		2,789,618
Total fund balance	109,570	63,062	2,218	446,745	10,195	-	2,813,278
Total Liabilities and Fund Balances	\$ 109,570	\$ 70,279	\$ 2,218	\$ 446,745	\$ 34,242	\$ 449,156	\$ 4,699,758

(Continued on next page)

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

JUNE 30, 2007

	<u>Permanent Funds</u>					<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Stratford High School</u>	<u>Bunnell High School</u>	<u>Stephen Boothe</u>	<u>David Boothe</u>	<u>Total</u>		
Assets							
Cash and cash equivalents	\$ 286,069	\$ 74,015	\$ 29,270	\$ 117,125	\$ 506,479	\$ -	\$ 4,195,831
Investments			840,280	1,671,373	2,511,653		2,511,653
Accounts receivable					-		130,094
Intergovernmental					-		404,995
Due from other funds					-	(2,501)	449,156
Inventory					-		23,660
Total Assets	<u>\$ 286,069</u>	<u>\$ 74,015</u>	<u>\$ 869,550</u>	<u>\$ 1,788,498</u>	<u>\$ 3,018,132</u>	<u>\$ (2,501)</u>	<u>\$ 7,715,389</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,779
Accrued liabilities					-		17,124
Deferred revenue					-		811,891
Due to other funds					-	(2,501)	57,185
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,501)</u>	<u>1,883,979</u>
Fund balances:							
Reserved for inventory					-		23,660
Unreserved and undesignated	286,069	74,015	869,550	1,788,498	3,018,132		5,807,750
Total fund balance	<u>286,069</u>	<u>74,015</u>	<u>869,550</u>	<u>1,788,498</u>	<u>3,018,132</u>	<u>-</u>	<u>5,831,410</u>
Total Liabilities and Fund Balances	<u>\$ 286,069</u>	<u>\$ 74,015</u>	<u>\$ 869,550</u>	<u>\$ 1,788,498</u>	<u>\$ 3,018,132</u>	<u>\$ (2,501)</u>	<u>\$ 7,715,389</u>

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Revenues:							
Intergovernmental	\$ 978,825	\$ 685,653	\$ 3,523,530	\$	\$ 5,675	\$	\$
Departmental revenue	1,648,052			13,774		328,370	
Licenses and permits							
Investment income		2,024		1,240	1,915		19,887
Other		150			19,590		
Total revenues	<u>2,626,877</u>	<u>687,827</u>	<u>3,523,530</u>	<u>15,014</u>	<u>27,180</u>	<u>328,370</u>	<u>19,887</u>
Expenditures:							
Current:							
Education	2,643,766		3,523,530			322,637	
Human development					15,427		235
Physical development		704,073					
Public safety							
Capital outlay							
Total expenditures	<u>2,643,766</u>	<u>704,073</u>	<u>3,523,530</u>	<u>-</u>	<u>15,427</u>	<u>322,637</u>	<u>235</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,889)</u>	<u>(16,246)</u>	<u>-</u>	<u>15,014</u>	<u>11,753</u>	<u>5,733</u>	<u>19,652</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(16,889)	(16,246)	-	15,014	11,753	5,733	19,652
Fund Balances at Beginning of Year	<u>66,191</u>	<u>34,391</u>	<u>-</u>	<u>20,270</u>	<u>33,338</u>	<u>82,150</u>	<u>369,165</u>
Fund Balances at End of Year	<u>\$ 49,302</u>	<u>\$ 18,145</u>	<u>\$ -</u>	<u>\$ 35,284</u>	<u>\$ 45,091</u>	<u>\$ 87,883</u>	<u>\$ 388,817</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue Funds

	<u>Railroad Property</u>	<u>Miscellaneous Grants</u>	<u>Department of Children and Family Services</u>	<u>Recreation</u>	<u>Dog</u>	<u>Town Aid Road</u>	<u>Senior Citizens</u>
Revenues:							
Intergovernmental	\$	\$ 531,283	\$ 354,187	\$	\$	\$ 296,398	\$
Departmental revenue				357,174			97,761
Licenses and permits	275,797				21,189		
Investment income	57,836	2,779	2,779	12,682	1,099	17,959	1,972
Other							4,622
Total revenues	<u>333,633</u>	<u>534,062</u>	<u>356,966</u>	<u>369,856</u>	<u>22,288</u>	<u>314,357</u>	<u>104,355</u>
Expenditures:							
Current:							
Education							
Human development	106,016	531,134					95,856
Physical development			603,692	333,387			
Public safety					158,109		
Capital outlay	4,722					371,001	
Total expenditures	<u>110,738</u>	<u>531,134</u>	<u>603,692</u>	<u>333,387</u>	<u>158,109</u>	<u>371,001</u>	<u>95,856</u>
Excess (Deficiency) of Revenues over Expenditures	<u>222,895</u>	<u>2,928</u>	<u>(246,726)</u>	<u>36,469</u>	<u>(135,821)</u>	<u>(56,644)</u>	<u>8,499</u>
Other Financing Sources (Uses):							
Transfers in			250,000		145,000		
Transfers out	(30,000)						
Total other financing sources (uses)	<u>(30,000)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>145,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	192,895	2,928	3,274	36,469	9,179	(56,644)	8,499
Fund Balances at Beginning of Year	<u>1,026,789</u>	<u>(89,315)</u>	<u>228</u>	<u>130,612</u>	<u>3,865</u>	<u>254,171</u>	<u>34,016</u>
Fund Balances at End of Year	<u>\$ 1,219,684</u>	<u>\$ (86,387)</u>	<u>\$ 3,502</u>	<u>\$ 167,081</u>	<u>\$ 13,044</u>	<u>\$ 197,527</u>	<u>\$ 42,515</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue Funds

	<u>Police Special Services</u>	<u>Harbor Management</u>	<u>Recycling</u>	<u>Gas Pipeline</u>	<u>Sewer Maintenance</u>	<u>Reserve</u>	<u>Total</u>
Revenues:							
Intergovernmental	\$ 52,716	\$ 30,617	\$	\$	\$	\$	\$ 6,458,884
Departmental revenue		37,121				526,590	3,008,842
Licenses and permits			5	23,323	1,754		296,986
Investment income	1,687	2,931					151,872
Other			2,276				26,638
Total revenues	<u>54,403</u>	<u>70,669</u>	<u>2,281</u>	<u>23,323</u>	<u>1,754</u>	<u>526,590</u>	<u>9,943,222</u>
Expenditures:							
Current:							
Education							6,489,933
Human development						526,590	1,275,258
Physical development		52,309		1,034			1,694,495
Public safety	102,944						261,053
Capital outlay		8,195					383,918
Total expenditures	<u>102,944</u>	<u>60,504</u>	<u>-</u>	<u>1,034</u>	<u>-</u>	<u>526,590</u>	<u>10,104,657</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(48,541)</u>	<u>10,165</u>	<u>2,281</u>	<u>22,289</u>	<u>1,754</u>	<u>-</u>	<u>(161,435)</u>
Other Financing Sources (Uses):							
Transfers in							395,000
Transfers out							(30,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,000</u>
Net Change in Fund Balances	(48,541)	10,165	2,281	22,289	1,754	-	203,565
Fund Balances at Beginning of Year	<u>158,111</u>	<u>52,897</u>	<u>(63)</u>	<u>424,456</u>	<u>8,441</u>	<u>-</u>	<u>2,609,713</u>
Fund Balances at End of Year	<u>\$ 109,570</u>	<u>\$ 63,062</u>	<u>\$ 2,218</u>	<u>\$ 446,745</u>	<u>\$ 10,195</u>	<u>\$ -</u>	<u>\$ 2,813,278</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

Permanent Funds

	<u>Stratford High School</u>	<u>Bunnell High School</u>	<u>Stephen Boothe</u>	<u>David Boothe</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$ -	\$	\$ 6,458,884
Departmental revenue					-		3,008,842
Licenses and permits					-		296,986
Investment income	13,906	3,381	101,359	224,450	343,096		494,968
Other	6,632	8,417			15,049		41,687
Total revenues	<u>20,538</u>	<u>11,798</u>	<u>101,359</u>	<u>224,450</u>	<u>358,145</u>	<u>-</u>	<u>10,301,367</u>
Expenditures:							
Current:							
Education	25,088	5,150	24,777	56,032	111,047		6,600,980
Human development					-		1,275,258
Physical development					-		1,694,495
Public safety					-		261,053
Capital outlay					-		383,918
Total expenditures	<u>25,088</u>	<u>5,150</u>	<u>24,777</u>	<u>56,032</u>	<u>111,047</u>	<u>-</u>	<u>10,215,704</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,550)</u>	<u>6,648</u>	<u>76,582</u>	<u>168,418</u>	<u>247,098</u>	<u>-</u>	<u>85,663</u>
Other Financing Sources (Uses):							
Transfers in					-		395,000
Transfers out					-		(30,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,000</u>
Net Change in Fund Balances	(4,550)	6,648	76,582	168,418	247,098	-	450,663
Fund Balances at Beginning of Year	<u>290,619</u>	<u>67,367</u>	<u>792,968</u>	<u>1,620,080</u>	<u>2,771,034</u>	<u>-</u>	<u>5,380,747</u>
Fund Balances at End of Year	<u>\$ 286,069</u>	<u>\$ 74,015</u>	<u>\$ 869,550</u>	<u>\$ 1,788,498</u>	<u>\$ 3,018,132</u>	<u>\$ -</u>	<u>\$ 5,831,410</u>

**Capital Projects
Fund**

CAPITAL PROJECTS FUND

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

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

TOWN OF STRATFORD, CONNECTICUT

CAPITAL PROJECTS FUND

PROJECT COMBINING BALANCE SHEET

JUNE 30, 2007

	<u>Capital Improvements</u>	<u>Capital Special Projects</u>	<u>Sidewalk and Roads</u>	<u>Sewer Revolving</u>	<u>Water Hookup</u>	<u>Capital Equipment</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Assets								
Cash and cash equivalents	\$ 2,128,884	\$ 1,813,843	\$ 4,912	\$ 897,411	\$ 6,118	\$ 21,747	\$	\$ 4,872,915
Investments	1,949,232							1,949,232
Accounts receivable	8,698	105	2	4,371	7	73		13,256
Special assessments			6,275	436,238	50,969			493,482
Due from other funds	108,954	223,982		6,771			(108,953)	230,754
Total Assets	<u>\$ 4,195,768</u>	<u>\$ 2,037,930</u>	<u>\$ 11,189</u>	<u>\$ 1,344,791</u>	<u>\$ 57,094</u>	<u>\$ 21,820</u>	<u>\$ (108,953)</u>	<u>\$ 7,559,639</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 289,830	\$ 528,605	\$ 2,668	\$	\$	\$ 25,684	\$	\$ 846,787
Deferred revenue			6,275	436,238	50,969			493,482
Due to other funds			21,556	133,296	229,665	188,774	(108,953)	464,338
Total liabilities	<u>289,830</u>	<u>528,605</u>	<u>30,499</u>	<u>569,534</u>	<u>280,634</u>	<u>214,458</u>	<u>(108,953)</u>	<u>1,804,607</u>
Fund balances:								
Unreserved and undesignated	<u>3,905,938</u>	<u>1,509,325</u>	<u>(19,310)</u>	<u>775,257</u>	<u>(223,540)</u>	<u>(192,638)</u>		<u>5,755,032</u>
Total Liabilities and Fund Balances	<u>\$ 4,195,768</u>	<u>\$ 2,037,930</u>	<u>\$ 11,189</u>	<u>\$ 1,344,791</u>	<u>\$ 57,094</u>	<u>\$ 21,820</u>	<u>\$ (108,953)</u>	<u>\$ 7,559,639</u>

TOWN OF STRATFORD, CONNECTICUT

CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Capital Improvements</u>	<u>Capital Special Projects</u>	<u>Sidewalk and Roads</u>	<u>Sewer Revolving</u>	<u>Water Hookup</u>	<u>Capital Equipment</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:								
Property taxes and assessments	\$	\$	\$ 3,868	\$ 32,085	\$ 11,030	\$	\$	\$ 46,983
Intergovernmental		161,570				45,647		207,217
Investment income	448,482	32,246	95	40,054	187	7,339		528,403
Total revenues	<u>448,482</u>	<u>193,816</u>	<u>3,963</u>	<u>72,139</u>	<u>11,217</u>	<u>52,986</u>	<u>-</u>	<u>782,603</u>
Expenditures:								
Capital outlay	<u>245,377</u>	<u>4,722,892</u>	<u>11,450</u>			<u>461,848</u>		<u>5,441,567</u>
Excess (Deficiency) of Revenues over Expenditures	<u>203,105</u>	<u>(4,529,076)</u>	<u>(7,487)</u>	<u>72,139</u>	<u>11,217</u>	<u>(408,862)</u>	<u>-</u>	<u>(4,658,964)</u>
Other Financing Sources (Uses):								
Transfers in		8,292,663				1,005,400	(8,205,200)	1,092,863
Transfers out	<u>(7,705,200)</u>	<u>(500,000)</u>					<u>8,205,200</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,705,200)</u>	<u>7,792,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,005,400</u>	<u>-</u>	<u>1,092,863</u>
Net Change in Fund Balances	<u>(7,502,095)</u>	<u>3,263,587</u>	<u>(7,487)</u>	<u>72,139</u>	<u>11,217</u>	<u>596,538</u>	<u>-</u>	<u>(3,566,101)</u>
Fund Balances at Beginning of Year	<u>11,408,033</u>	<u>(1,754,262)</u>	<u>(11,823)</u>	<u>703,118</u>	<u>(234,757)</u>	<u>(789,176)</u>	<u>-</u>	<u>9,321,133</u>
Fund Balances at End of Year	<u>\$ 3,905,938</u>	<u>\$ 1,509,325</u>	<u>\$ (19,310)</u>	<u>\$ 775,257</u>	<u>\$ (223,540)</u>	<u>\$ (192,638)</u>	<u>\$ -</u>	<u>\$ 5,755,032</u>

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, 2007

	<u>Emergency Medical Services</u>	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 405,929	\$ 153,600	\$ 14,632	\$ 574,161
Accounts receivable, net	<u>526,753</u>	<u>668</u>	<u>14,632</u>	<u>527,421</u>
Total current assets	<u>932,682</u>	<u>154,268</u>	<u>14,632</u>	<u>1,101,582</u>
Capital assets:				
Assets not being depreciated	17,610			17,610
Assets being depreciated, net	<u>412,148</u>	<u>537,682</u>	<u>94,076</u>	<u>1,043,906</u>
Total capital assets	<u>429,758</u>	<u>537,682</u>	<u>94,076</u>	<u>1,061,516</u>
Total assets	<u>1,362,440</u>	<u>691,950</u>	<u>108,708</u>	<u>2,163,098</u>
Liabilities:				
Current:				
Accounts payable	62,784	15,325	68	78,177
Accrued wages	4,403	3,499	377	8,279
Unearned revenue		2,052		2,052
Due to other funds	321,122	4,583	27,553	353,258
Compensated absences	<u>21,085</u>	<u>6,706</u>	<u>27,998</u>	<u>27,791</u>
Total current liabilities	409,394	32,165	27,998	469,557
Noncurrent liabilities:				
Compensated absences	<u>24,760</u>	<u>18,759</u>	<u>27,998</u>	<u>43,519</u>
Total liabilities	<u>434,154</u>	<u>50,924</u>	<u>27,998</u>	<u>513,076</u>
Net Assets:				
Invested in capital assets, net of related debt	429,758	537,682	94,076	1,061,516
Unrestricted	<u>498,528</u>	<u>103,344</u>	<u>(13,366)</u>	<u>588,506</u>
Total Net Assets	<u>\$ 928,286</u>	<u>\$ 641,026</u>	<u>\$ 80,710</u>	<u>\$ 1,650,022</u>

TOWN OF STRATFORD, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Emergency Medical Services</u>	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 1,306,522	\$ 304,619	\$ 5,825	\$ 1,616,966
Operating Expenses:				
Operating and maintenance	1,205,277	355,091	10,700	1,571,068
Depreciation	46,765	8,176	11,068	66,009
Total operating expenses	<u>1,252,042</u>	<u>363,267</u>	<u>21,768</u>	<u>1,637,077</u>
Operating Income (Loss)	54,480	(58,648)	(15,943)	(20,111)
Nonoperating Revenues (Expense):				
Interest income	<u>21,716</u>	<u>12,625</u>		<u>34,341</u>
Income (Loss) before Contributions	76,196	(46,023)	(15,943)	14,230
Capital Contributions and Transfers:				
Transfers out			<u>(1,000)</u>	<u>(1,000)</u>
Change in Net Assets	76,196	(46,023)	(16,943)	13,230
Net Assets at Beginning of Year	<u>852,090</u>	<u>687,049</u>	<u>97,653</u>	<u>1,636,792</u>
Net Assets at End of Year	<u>\$ 928,286</u>	<u>\$ 641,026</u>	<u>\$ 80,710</u>	<u>\$ 1,650,022</u>

TOWN OF STRATFORD, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Emergency Medical Services</u>	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 1,219,730	\$ 304,856	\$ 18,148	\$ 1,542,734
Cash payments to suppliers	(520,292)	(161,918)	(969)	(683,179)
Cash payments to employees	(337,987)	(187,506)	(10,354)	(535,847)
Net cash provided by (used in) operating activities	<u>361,451</u>	<u>(44,568)</u>	<u>6,825</u>	<u>323,708</u>
Cash Flows from Noncapital Financing Activities:				
Transfers to other funds			(1,000)	(1,000)
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(223,174)			(223,174)
Cash Flows from Investing Activities:				
Interest revenues	<u>21,716</u>	<u>12,625</u>		<u>34,341</u>
Net Increase (Decrease) in Cash and Cash Equivalents	159,993	(31,943)	5,825	133,875
Cash and Cash Equivalents at Beginning of Year	<u>245,936</u>	<u>185,543</u>	<u>8,807</u>	<u>440,286</u>
Cash and Cash Equivalents at End of Year	<u>\$ 405,929</u>	<u>\$ 153,600</u>	<u>\$ 14,632</u>	<u>\$ 574,161</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 54,480	\$ (58,648)	\$ (15,943)	\$ (20,111)
Adjustments to reconcile operating income (loss) to net cash				
provided by (used in) operating activities:				
Depreciation	46,765	8,176	11,068	66,009
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(86,792)	237		(86,555)
Increase (decrease) in accrued expenses	27,847	4,697	(623)	31,921
Increase (decrease) in due to other funds	<u>319,151</u>	<u>970</u>	<u>12,323</u>	<u>332,444</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 361,451</u>	<u>\$ (44,568)</u>	<u>\$ 6,825</u>	<u>\$ 323,708</u>

Fiduciary Fund

FIDUCIARY FUND

Agency Fund

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

TOWN OF STRATFORD, CONNECTICUT

AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>316,664</u>	\$ <u>1,321,873</u>	\$ <u>1,256,722</u>	\$ <u>381,815</u>
Liabilities:				
Due to student groups	\$ <u>316,664</u>	\$ <u>1,321,873</u>	\$ <u>1,256,722</u>	\$ <u>381,815</u>

**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, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULE BY SOURCE

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Governmental funds capital assets:		
Land	\$ 12,870,506	\$ 12,870,506
Land improvements	4,718,677	4,701,794
Buildings and improvements	129,676,485	127,000,630
Machinery and equipment	27,912,411	25,949,364
Infrastructure	80,951,476	80,076,729
Construction in progress	<u>331,912</u>	<u>516,294</u>
Total	<u>\$ 256,461,467</u>	<u>\$ 251,115,317</u>
Investments in Governmental Funds Capital Assets	<u>\$ 256,461,467</u>	<u>\$ 251,115,317</u>

TOWN OF STRATFORD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2007

	<u>Total</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
Administration	\$ 3,290,162	\$	\$ 22,042	\$ 2,858,684	\$ 278,000	\$ 40,027	\$ 91,409
Finance	12,778,074	11,438,198		24,920	1,302,401		12,555
Human Development	10,732,820	1,362,109	402,778	5,728,819	1,283,616	1,880,435	75,063
Physical Development	95,023,461		2,420,572	4,296,386	9,192,494	79,007,074	106,935
Public Safety	16,494,375	70,199	63,095	9,945,473	6,390,708		24,900
Education	<u>118,142,575</u>		<u>1,810,190</u>	<u>106,822,203</u>	<u>9,465,192</u>	<u>23,940</u>	<u>21,050</u>
Total	<u>\$ 256,461,467</u>	<u>\$ 12,870,506</u>	<u>\$ 4,718,677</u>	<u>\$ 129,676,485</u>	<u>\$ 27,912,411</u>	<u>\$ 80,951,476</u>	<u>\$ 331,912</u>

TOWN OF STRATFORD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Funds Capital Assets July 1, 2006	Additions	Deletions	Governmental Funds Capital Assets June 30, 2007
Administration	\$ 2,912,201	\$ 377,961	\$	\$ 3,290,162
Finance	12,697,301	80,773		12,778,074
Human Development	10,297,738	435,082		10,732,820
Physical Development	93,371,016	1,658,745	6,300	95,023,461
Public Safety	16,253,985	355,707	115,317	16,494,375
Education	<u>115,583,076</u>	<u>2,559,499</u>	<u></u>	<u>118,142,575</u>
Total	<u>\$ 251,115,317</u>	<u>\$ 5,467,767</u>	<u>\$ 121,617</u>	<u>\$ 256,461,467</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 SIX FISCAL YEARS

(In Thousands)

	FISCAL YEAR					
	2007	2006	2005	2004	2003	2002
Governmental activities:						
Invested in capital assets, net of related debt	\$ 51,351	\$ 43,229	\$ 38,060	\$ 41,507	\$ 41,507	\$ 36,685
Restricted	3,018	2,771				
Unrestricted	(42,043)	(34,058)	(22,914)	(28,260)	(28,260)	(15,118)
Total governmental activities net assets	<u>12,326</u>	<u>11,942</u>	<u>15,146</u>	<u>13,247</u>	<u>13,247</u>	<u>21,567</u>
Business-type activities:						
Invested in capital assets, net of related debt	37,156	16,638	14,657	13,426	13,426	13,670
Unrestricted	(9,414)	6,936	8,730	6,837	6,837	6,501
Total business-type activities net assets	<u>27,742</u>	<u>23,574</u>	<u>23,387</u>	<u>20,263</u>	<u>20,263</u>	<u>20,171</u>
Total:						
Invested in capital assets, net of related debt	88,507	59,867	52,717	54,933	54,934	50,355
Restricted	3,018	2,771				
Unrestricted	(51,457)	(27,122)	(14,184)	(21,423)	(21,423)	(8,617)
Total Net Assets	<u>\$ 40,068</u>	<u>\$ 35,516</u>	<u>\$ 38,533</u>	<u>\$ 33,510</u>	<u>\$ 33,511</u>	<u>\$ 41,738</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

TOWN OF STRATFORD, CONNECTICUT

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS
(In Thousands)

	FISCAL YEAR					
	2007	2006	2005	2004	2003	2002
Expenses:						
Governmental activities:						
General government	\$ (33,510)	\$ (33,698)	\$ (11,164)	\$ (11,569)	\$ (7,862)	\$ (7,639)
Human development	(6,628)	(7,671)	(7,993)	(7,771)	(6,758)	(6,666)
Physical development	(15,483)	(17,331)	(16,078)	(16,501)	(16,262)	(15,504)
Public safety	(21,777)	(20,302)	(23,735)	(21,713)	(19,387)	(19,162)
Education	(91,018)	(89,072)	(100,201)	(92,120)	(86,380)	(84,369)
Debt service	(7,605)	(7,049)	(7,859)	(9,792)	(11,053)	(10,184)
Total governmental activities expenses	<u>(176,021)</u>	<u>(175,123)</u>	<u>(167,030)</u>	<u>(159,466)</u>	<u>(147,702)</u>	<u>(143,524)</u>
Business-type activities:						
Waste Operating	(3,842)	(4,473)	(4,512)	(4,582)	(4,349)	(4,002)
Other	(2,755)	(1,504)	(1,290)	(622)	(417)	(371)
Total business-type activities	<u>(6,597)</u>	<u>(5,977)</u>	<u>(5,802)</u>	<u>(5,204)</u>	<u>(4,766)</u>	<u>(4,373)</u>
Total Expenses	<u>(182,618)</u>	<u>(181,100)</u>	<u>(172,832)</u>	<u>(164,670)</u>	<u>(152,468)</u>	<u>(147,897)</u>
Program revenues:						
Governmental activities:						
Charges for services	8,994	7,329	4,742	4,825	3,693	4,061
Operating grants and contributions	28,496	30,325	28,380	22,528	24,526	25,876
Capital grants and contributions	1,027	966	6,361	5,997	6,099	3,642
Total governmental activities program revenues	<u>38,517</u>	<u>38,620</u>	<u>39,483</u>	<u>33,350</u>	<u>34,318</u>	<u>33,579</u>
Business-type activities:						
Charges for services	7,836	6,850	7,232	5,298	4,781	4,759
Capital grants and contributions	2,755	1,365	1,328	73	184	
Total business-type activities program revenues	<u>10,591</u>	<u>8,215</u>	<u>8,560</u>	<u>5,371</u>	<u>4,965</u>	<u>4,759</u>
Total Primary Government Program Revenues	<u>49,108</u>	<u>46,835</u>	<u>48,043</u>	<u>38,721</u>	<u>39,283</u>	<u>38,338</u>
Net revenues (expenses):						
Governmental activities	(137,504)	(136,503)	(127,547)	(126,116)	(113,384)	(109,945)
Business-type activities	<u>3,994</u>	<u>2,238</u>	<u>2,758</u>	<u>167</u>	<u>199</u>	<u>386</u>
Total Net Expense	<u>(133,510)</u>	<u>(134,265)</u>	<u>(124,789)</u>	<u>(125,949)</u>	<u>(113,185)</u>	<u>(109,559)</u>
General Revenues and Other Changes in Net Assets:						
Governmental activities:						
Property taxes	128,772	120,955	118,321	112,580	106,081	100,780
Grants and contributions not restricted to specific purposes	6,170	3,099	3,948	3,912	1,086	3,355
Unrestricted investment earnings	2,719	5,939	8,989	7,839	2,940	(3,669)
Transfers	229	223				
Total governmental activities	<u>137,890</u>	<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		281		27		
Unrestricted investment earnings	402				(107)	(92)
Grants and contributions not restricted		(1,066)	172			
Funding reimbursement						
Transfers	(229)	(223)				
Total business-type activities	<u>173</u>	<u>(1,008)</u>	<u>172</u>	<u>27</u>	<u>(107)</u>	<u>(92)</u>
Total Primary Government General Revenues	<u>138,063</u>	<u>129,208</u>	<u>131,430</u>	<u>124,358</u>	<u>110,000</u>	<u>100,374</u>
Changes in Net Assets:						
Governmental activities	386	(6,287)	3,711	(1,785)	(3,277)	(9,479)
Business-type activities	<u>4,167</u>	<u>1,230</u>	<u>2,930</u>	<u>194</u>	<u>92</u>	<u>294</u>
Total Primary Government Changes in Net Assets	<u>\$ 4,553</u>	<u>\$ (5,057)</u>	<u>\$ 6,641</u>	<u>\$ (1,591)</u>	<u>\$ (3,185)</u>	<u>\$ (9,185)</u>

Notes: (1) Schedule prepared on the accrual basis of accounting.

(2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

TOWN OF STRATFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund:										
Reserved	\$ 1,696	\$ 1,017	\$ 665	\$ 1,056	\$ 901	\$ 455	\$ 604	\$ 420	\$ 729	\$ 727
Unreserved	8,148	7,232	8,347	8,822	7,972	11,313	10,872	12,745	12,655	13,012
Total General Fund	\$ 9,844	\$ 8,249	\$ 9,012	\$ 9,878	\$ 8,873	\$ 11,768	\$ 11,476	\$ 13,165	\$ 13,384	\$ 13,739
All other governmental funds:										
Reserved	\$ 24	\$ 106,715	\$ 104,901	\$ 98,936	\$ 90,761	\$ 88,823	\$ 143,389	\$ 159,350	\$ 149,855	\$ 15
Unreserved, reported in:										
Special revenue funds	2,790	2,586	2,323	2,441		1,078	2,354	2,492	2,304	920
Capital projects funds	5,755	9,194	10,925	7,110	7,890	11,721	7,132	4,444	12,287	9,025
Permanent funds	3,018	2,771	2,762	2,771		2,791				
Total All Other Governmental Funds	\$ 11,587	\$ 121,266	\$ 120,911	\$ 111,258	\$ 98,651	\$ 104,413	\$ 152,875	\$ 166,286	\$ 164,446	\$ 9,960

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

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Property taxes and assessments	\$ 131,776	\$ 121,853	\$ 119,024	\$ 113,157	\$ 106,913	\$ 101,665	\$ 94,650	\$ 90,128	\$ 87,271	\$ 84,467
Intergovernmental	36,908	36,955	35,685	33,250	30,369	29,511	29,846	28,898	24,966	25,272
Department revenue	5,452	5,362	5,186	4,484	3,584	3,558	3,484	3,285	2,864	2,796
Licenses and permits	895	794	883	683	676	658	464	343	340	364
Investment income	2,838	5,939	7,528	7,987	2,952	(3,666)	801	19,916	14,891	1,758
Other	3,990	3,125	4,683	4,394	1,819	3,050	629	810	2,163	625
Total revenues	<u>181,859</u>	<u>174,028</u>	<u>172,989</u>	<u>163,955</u>	<u>146,313</u>	<u>134,776</u>	<u>129,874</u>	<u>143,380</u>	<u>132,495</u>	<u>115,282</u>
Expenditures:										
Administration	3,566	3,403	3,057	3,512	3,068	3,500	3,132	3,154	2,681	2,503
Contingency	3,212	3,499	3,883	3,315	2,848	2,899	2,299	2,500	2,191	2,470
Employee benefits	122,928	17,109	14,577	12,292	7,780	11,133	9,111	8,242	7,686	9,553
Finance	1,729	1,731	1,828	1,523	1,456	1,353	1,271	1,487	1,502	1,114
Human development	6,310	7,008	9,181	6,729	5,964	5,789	5,382	5,350	5,151	4,938
Physical development	13,361	11,417	12,015	10,828	11,720	11,330	11,184	11,366	10,510	10,296
Public safety	21,148	19,668	18,721	18,153	16,777	16,427	15,920	15,794	14,635	14,324
Education	90,911	86,860	78,751	76,367	74,102	72,495	68,670	65,736	62,358	59,424
Capital outlay	5,825	10,953	11,993	7,760	6,372	9,346	11,254	11,888	17,272	5,765
Debt service:										
Principal retirement	12,536	12,190	12,520	13,463	19,190	10,693	9,719	6,607	5,869	5,770
Interest and other charges	8,646	7,563	8,390	8,607	9,059	9,889	10,807	13,199	5,663	3,778
Total expenditures	<u>290,172</u>	<u>181,401</u>	<u>174,916</u>	<u>162,549</u>	<u>158,336</u>	<u>154,854</u>	<u>148,749</u>	<u>145,323</u>	<u>135,518</u>	<u>119,935</u>
Excess of revenue over (under) expenditures	<u>(108,313)</u>	<u>(7,373)</u>	<u>(1,927)</u>	<u>1,406</u>	<u>(12,023)</u>	<u>(20,078)</u>	<u>(18,875)</u>	<u>(1,943)</u>	<u>(3,023)</u>	<u>(4,653)</u>
Other financing sources (uses):										
Appropriation of fund balance										
Transfers in	1,747	902			603	564	2,471	376	549	475
Transfers out	(1,518)	(678)			(603)	(564)	(2,397)	(309)	(481)	(407)
Proceeds from capital leases		42			52	23	87	159	51	34
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)	<u>229</u>	<u>7,631</u>	<u>11,105</u>	<u>5,100</u>	<u>9,413</u>	<u>8,767</u>	<u>8,481</u>	<u>1,951</u>	<u>113,544</u>	<u>12,132</u>
Net Change in Fund Balances	<u>\$ (108,084)</u>	<u>\$ 258</u>	<u>\$ 9,178</u>	<u>\$ 6,506</u>	<u>\$ (2,610)</u>	<u>\$ (11,311)</u>	<u>\$ (10,394)</u>	<u>\$ 8</u>	<u>\$ 110,521</u>	<u>\$ 7,479</u>
Debt service as a percentage of noncapital expenditures	<u>7.4%</u>	<u>11.6%</u>	<u>12.8%</u>	<u>14.3%</u>	<u>18.6%</u>	<u>14.1%</u>	<u>14.9%</u>	<u>14.8%</u>	<u>9.8%</u>	<u>8.4%</u>

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

TOWN OF STRATFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Grand List Year	Real Property		Personal Property	Motor Vehicle	Vacant Land	Tax Exempt Property [Exemptions*]	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial						
2007	2005	\$ 3,307,865,590	\$ 653,674,920	\$ 304,253,994	\$ 293,947,103	\$ 63,421,950	\$ 70,848,094	\$ 4,552,315,463	70%
2006	2004	3,291,364,190	647,876,030	312,927,968	278,500,870	64,346,170	112,273,550	4,595,015,228	70%
2005	2003	2,119,464,040	546,675,090	284,056,665	259,928,790	35,716,600	79,465,680	3,245,841,185	70%
2004	2002	2,111,433,600	547,581,080	284,772,466	269,342,755	36,138,900	161,340,480	3,249,268,801	70%
75 2003	2001	2,104,057,340	563,438,890	285,014,372	260,897,675	36,337,490	250,205,500	3,249,745,767	70%
2002	2000	2,098,617,165	557,415,790	280,349,201	253,957,285	30,788,790	99,688,440	3,221,128,231	70%
2001	1999	1,712,013,310	499,232,450	281,034,617	240,767,720	39,462,090	101,113,030	2,772,510,187	70%
2000	1998	1,702,693,190	493,816,020	272,723,315	219,677,657	40,305,460	99,437,348	2,729,215,642	70%
1999	1997	1,695,947,910	487,137,200	275,290,660	208,971,488	43,547,530	103,791,735	2,710,894,788	70%
1998	1996	1,690,926,308	488,873,570	277,256,146	204,233,588	39,643,310	109,723,772	2,700,932,922	70%

Source: Town of Stratford, Office of Tax Assessor

* Beginning in FY2007: Exemptions are excluded from each property type and must be added separately to Total Taxable Assessed Value

Prior to FY2007: Exemptions are included in each property type and do not need to be added separately to Total Taxable Assessed Value

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

2005 AND 1996

<u>Taxpayer</u>	<u>October 1, 2005</u>			<u>October 1, 1996</u>		
	<u>Taxable Assessed Value * (\$000'S)</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>Taxable Assessed Value (\$000'S)</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
Sikorsky Aircraft	\$ 161,451	1	6.14%	\$ 141,334	1	5.46%
The Dock (Urstadt Biddle Prop)	34,339	2	1.31%	16,893	3	.66%
Exxon/Mobil	23,558	3	.90%	17,005	2	.66%
Stratford Land Development	19,749	4	.75%	-		
76 Stonybrook Gardens Cooperative	19,127	5	.73%	12,887	6	.50%
Wal-Mart	18,290	6	.65%	-		
Home Depot	17,256	7	.66%	-		
Kramont Operating Partnership	16,520	8	.63%	-		
Southern Connecticut Gas	16,125	9	.61%	-		
Dresser Industries	15,038	10	.75%	12,619	7	.49%
Dictaphone	-			15,440	4	.60%
United Illuminating	-			13,411	5	.52%
William B. Meyer	-			12,025	8	.47%
Parkview Associates	-			9,995	9	.39%
Kranzco Realty Trust	-			9,223	10	.36%
Total	\$ <u>341,453</u>		<u>13.13%</u>	\$ <u>260,832</u>		<u>10.11%</u>

TABLE 7

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

Fiscal Year	General Obligation Bonds	Leases	Operating	Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
2007	\$ 143,071	\$ 26	\$ 599	\$ 143,696	3.16 %	\$ 3
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

TOWN OF STRATFORD, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

JUNE 30, 2007

(In Thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2007	\$ 131,280
Reimbursement for revenue loss on:	
Tax relief for elderly	<u>27</u>

BASE \$ 131,307

	<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	\$ 295,441	\$	\$	\$	\$
4-1/2 times base		590,882			
3-3/4 times base			492,401		
3-1/4 times base				426,748	
3 times base					<u>393,921</u>
Total debt limitation	<u>295,441</u>	<u>590,882</u>	<u>492,401</u>	<u>426,748</u>	<u>393,921</u>
Indebtedness:					
Bonds payable	23,928	49,448	599		69,695
Bonds authorized, unissued	3	37	61,758		
Clean Water Fund notes			1,963		
Grant commitments		<u>(7,743)</u>	<u>(9,860)</u>		
Total indebtedness	<u>23,931</u>	<u>41,742</u>	<u>54,460</u>	<u>-</u>	<u>69,695</u>
Debt limitation in excess of outstanding and authorized indebtedness	<u>\$ 271,510</u>	<u>\$ 549,140</u>	<u>\$ 437,941</u>	<u>\$ 426,748</u>	<u>\$ 324,226</u>

NOTE 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$919.1 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, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Debt limitation	\$ 919,149	\$ 849,478	\$ 818,526	\$ 790,418	\$ 741,509	\$ 706,884	\$ 659,709	\$ 629,118	\$ 612,017	\$ 589,135
Total net debt applicable to limit	<u>189,828</u>	<u>200,093</u>	<u>218,272</u>	<u>171,384</u>	<u>178,510</u>	<u>202,907</u>	<u>197,133</u>	<u>198,822</u>	<u>202,906</u>	<u>202,989</u>
Legal Debt Margin	<u>\$ 729,321</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	20.65%	23.55%	26.67%	21.68%	24.07%	28.70%	29.88%	31.60%	33.15%	34.46%

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

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

TOWN OF STRATFORD, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	Population(1)	Per Capita Income(2)	Median Age(3)	School Enrollment(4)	Unemployment Rate(5)
2007	49,976	\$ 27,000	40.3	7,505	4.5%
2006	49,976	27,000	40.3	7,483	4.5%
2005	49,976	27,000	40.3	7,571	5.3%
2004	49,976	27,000	40.3	7,673	5.4%
2003	49,976	27,000	40.3	7,606	6.4%
2002	49,976	27,000	40.3	7,453	4.9%
2001	49,976	27,000	40.3	7,382	3.9%
2000	49,976	27,000	40.3	7,284	2.5%
1999	49,389	19,000	39.0	7,072	3.4%
1998	49,389	19,000	39.0	6,912	4.0%

(1) Source: U.S. Census Bureau - 2000 Census

(2) Source: U.S. Census Bureau - 2000 Census

(3) Source: U.S. Census Bureau - 2000 Census

(4) Source: Town of Stratford, BOE

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

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL EMPLOYERS

JUNE 30, 2007

Employer	Nature of Business	Employees
Sikorsky Aircraft	Manufacturer of Helicopters	7,800
Town of Stratford	Government/Education	1,400
Stratford Retailer Condo Assoc.	Retail Chains	586
Ashcroft Holdings	Manufacturer of Gauges	475
United Parcel Service	Package Delivery	415
Dianon Systems Inc.	Lab Testing	385
Lord Chamberlain	Skilled Nursing Facility	360
Emsar	Manufacturer of Pump Atomizers	350
Cablevision	Telecommunications	300
Applied Tech Products (ATP)	Health and Beauty Care	267
AT&T	Telecommunications	250
Walmart	Consumer Goods	250
Connecticut Distributors	Liquor Distributors	238
Bridgeport Fittings	Manufacturer of Electrical Fittings	220
Stop & Shop	Grocery Products	215
Home Depot	Home/Garden/Repair Goods	200
William B. Meryer	Moving, Storage and Rigging	175
Shaws	Grocery Products	136

TOWN OF STRATFORD, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT NON-EDUCATION EMPLOYEES BY FUNCTION/PROGRAM

LAST NINE FISCAL YEARS

FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30,

<u>Function/Program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government	71	96	82	94	86	83	85	89	82
Police	112	119	117	113	113	112	116	115	116
Fire	117	96	99	97	99	98	99	93	94
Refuse collection	33	30	28	30	30	28	31	30	30
Other public works	77	64	69	66	60	64	63	67	70
Parks and recreation	34	26	26	27	25	27	28	26	23
Library	<u>29</u>	<u>26</u>	<u>28</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>27</u>	<u>28</u>
Total	<u><u>473</u></u>	<u><u>457</u></u>	<u><u>449</u></u>	<u><u>455</u></u>	<u><u>442</u></u>	<u><u>442</u></u>	<u><u>452</u></u>	<u><u>447</u></u>	<u><u>443</u></u>

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

Function/Program	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government:										
Building permits issued	760	898	869	835	729	683	558	619	579	637
Building inspections conducted	2,947	2,964	2,868	2,845	2,406	2,254	1,845	2,043	1,911	2,102
Police:										
Physical arrests	1,483	1,142	1,338	1,433	1,382	1,321	1,350	1,515	1,696	1,704
Parking violations	665	n/a	505	1,086	999	838	853	911	1,139	1,073
Traffic violations	3,033	2,891	3,043	3,712	3,557	3,474	2,898	3,699	3,247	4,025
Fire:										
Emergency responses	5,146	5,098	4,569	4,693	4,410	4,325	1,605			
Fires extinguished	325	148	205	237	204					
Inspections	1,112	595	625	751	685					
Refuse collection:										
Refuse collected (tons per year)	27,615	27,054	27,445	26,529	25,828	24,522	24,599	22,447	22,885	22,155
Recyclables collected (tons per year)	4,079	4,192	4,228	4,412	4,441	4,493	4,934	4,947	4,865	4,468
Parks and recreation:										
Athletic field permits issued	8,939	10,003	9,406	6,657	6,375	6,225	6,225	6,175	6,577	6,578
Community center admissions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Library:										
Volumes in collection (books and serials)	148,245	149,961	148,475	149,257	150,529	150,747	152,498	140,385	151,238	138,991
Volumes in collection (all other items)	16,837	15,375	14,821	13,163	12,782	11,551	10,329	7,286	4,931	6,726
Total volumes borrowed (books and serials)	236,528	246,455	253,909	262,834	254,896	235,648	215,682	205,714	282,109	221,535
Total volumes borrowed (all other items)	173,237	171,788	168,124	186,973	187,432	150,795	107,606	61,963	64,856	68,530
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7,690	8,250	7,360	7,500	6,720	6,710	7,300	8,780	7,390	9,780

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

Function/Program	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units (Number of Vehicles)	25	19	19	18	18	18	18	18	18	17
Fire stations	4	4	4	4	4	4	4	4	4	4
Refuse collection:										
Refuse collection trucks	4	4	4	4	4	4	4	4	4	4
Recycling collection trucks	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Acreage	774	774	774	774	746	746	746	746	746	746
Playgrounds	23	28	28	28	28	28	26	26	26	26
Baseball/softball diamonds	45	48	48	48	48	48	48	47	47	47
Soccer/football fields	13	9	9	9	9	9	8	7	7	7
Community centers	2	2	2	2	2	2	1	1	1	1
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

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Sources:

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