

**TOWN OF STRATFORD,
CONNECTICUT**



**Comprehensive
Annual Financial Report
Fiscal Year Ended June 30, 2017**

Comprehensive Annual Financial Report

of the

Town of Stratford, Connecticut

Fiscal Year Ended June 30, 2017

Finance Department
Jay Wahlberg
Finance Director

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Introductory Section

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

John A. Harkins, Mayor

TOWN COUNCIL

Beth Daponte, Council Chair
Scott Farrington-Posner
Wali Kadeem
David L. Harden
Gregory Cann
Philip L. Young
Marianne E. Antezzo
J. Vincent Chase
Alan Llewelyn
Tina M. Manus

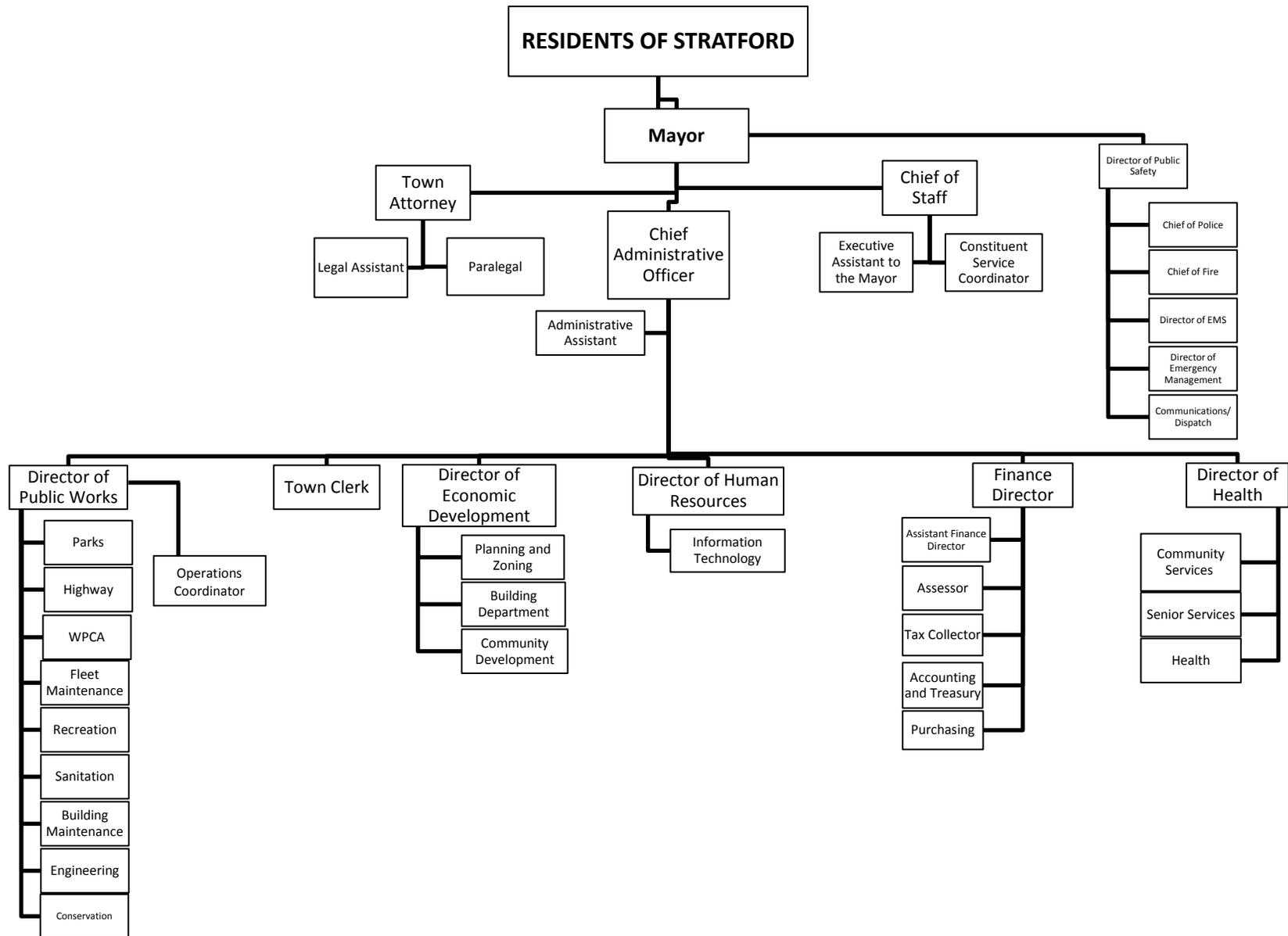
BOARD OF EDUCATION

Chair	James Feehan
Vice-Chair	Leonard Petruccelli
Secretary	Theresa Sheehy
Board Member.....	Christian Barnaby
Board Member	Maria Buturla
Board Member	Susan Lance
Board Member	Eric Lazaro
Executive Assistant to the Superintendent & Board Secretary	Teresa Lycoudes

Dr. Janet M. Robinson,
Superintendent of Schools

ADMINISTRATION

Chief Administrative Officer	Christopher Tymniak
Finance Director	Jay Wahlberg
Town Clerk.....	Susan Pawluk
Treasurer	Marie Craig
Assessor	Melinda Fonda
Tax Collector.....	Deborah Heim
Town Attorney.....	Christopher Hodgson





Government Finance Officers Association

**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, 2016

Executive Director/CEO

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December 20, 2017

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

Connecticut law requires that all general-purpose local governments publish at the end of each fiscal year a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The cost of the internal control should never exceed anticipated benefits; therefore, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

RSM US LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Town of Stratford, Connecticut’s financial statements for the year ended June 30, 2017. The independent auditors’ report is located at the front of the financial section of this report.

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

Town Profile

English settlers founded the Town of Stratford in 1639, making it the eighth town in the State of Connecticut. Located thirteen miles west of New Haven and adjacent to Bridgeport to the west, Milford to the east, Long Island Sound to the south and Shelton to the north, the Town is located 65 miles east of New York City and 50 miles southwest of Hartford, Connecticut. The Town encompasses approximately 18.7 square miles within Fairfield County.

The Town is traversed by two major highways, the Merritt Parkway (Route 15) and the Connecticut Turnpike (Interstate 95). Metro-North and Amtrak provide rail service to Boston and New York. Sikorsky Memorial Airport is located within Stratford. It provides various services to both private industry and commuters to New York’s major airports. The Town is a member of the Greater Bridgeport Transit District that operates more than fifty buses on sixteen routes that include the Towns of Stratford, Fairfield, Trumbull and the City of Bridgeport.

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

The Town’s public school system provides a balanced curriculum for 7,045 students. There are several vocational training facilities, colleges and universities in close proximity to Stratford, which offer a variety of educational programs. The public school system consists of three schools for pupils in grades Pre-K through 6, five schools for pupils in grades K through 6, two schools for pupils in grades 7-8 and two schools for pupils in grades 9-12. The schools are governed by a seven-member elected Board of Education.

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

The Town offers a variety of cultural attractions, including the Square One Theater and the Sterling House Community Center which offer low cost, high quality programs.

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

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

Town Local Economy

Stratford is strategically located between New York City and Boston and has excellent transportation access that has attracted and sustained economic development over the years. Stratford is bisected by both Interstate 95 and Metro North rail service lines. The Merritt Parkway and Routes 8 and 25 offer convenient access to the entire Northeast corridor. Stratford has over 17 miles of coastline, 400 acres of forest, beautiful parks and a rich cultural heritage creating a unique quality of life for our multi-generational residents. Stratford's diverse community of over 53,000 residents offers world class employers, a highly skilled workforce, excellent transportation access and affordable living.

Economic activity is vibrant in the Town of Stratford, the Town continues to attract owners of all types of businesses (from medical, personal and household services to office, retail, wholesale and dining establishments) that choose the Town of Stratford for its diverse zoning, geographic advantages and as an affordable location in Fairfield County. The unemployment rate has dropped from 8.3% in October of 2013 as compared to 5% in October of 2017.

On December 4, 2017, Lockheed Martin announced Sikorsky Aircraft workers ratified a new five-year contract covering the Lockheed Martin subsidiary's main helicopter manufacturing plant in here in Stratford. We continue to work with multiple Federal and State agencies in support of Sikorsky Aircraft, Stratford's largest employer, updating road infrastructure in preparation for the expected growth of more than 8,000 new workers within the next decade. Stratford will benefit from Lockheed's agreement to increase its spending of \$350,000,000 a year, solely with Connecticut suppliers. We are aggressively looking to market Sikorsky suppliers knowing they have a major positive economic impact for Stratford.

Stratford's former Army Engine Plant, a 77 acre waterfront property, has received grants of more than \$900,000 from the State of CT for "predevelopment planning and environmental compliance analysis" for the Point Stratford Renewal project. The Army Corps, Department of Defense and Connecticut's Department of Energy & Environmental Protection (DEEP) have a timeline for the remediation of the site and transfer of the property. A Special Tax District has been created as well as a Waterfront Redevelopment District.

Stratford's Transit Oriented District (TOD) has a major development in the heart of downtown, next to the Metro North Railroad. The 3.6 acre former school site received a \$1,200,000 grant from the State of Connecticut Department of Economic and Community Development (DECD) for demolition and abatement to be completed in 2018. The new development will include mixed use. Four additional TOD projects include two approved developments, one which is currently underway and two more going before zoning in 2018. These projects will generate major tax revenues.

Two Roads Brewing Company is a major destination not only in Stratford but in the State of Connecticut. In 5 years they have grown to over 100 employees. They are currently building a brand new \$12,000,000, 25,000 square foot building, doubling their size. The new facility will bring in added jobs. Additionally, on Stratford Avenue where Two Roads is located, the Town has a streetscape project underway, creating a

whole new corridor along the “doorway to Stratford” with improvements not seen since the industrial revolution.

The United States Environmental Protection Agency’s comprehensive cleanup plan for Stratford’s Raymark Industries Inc., Superfund Sites is underway with shovels in the ground. The EPA and State of Connecticut have committed to investing \$95,000,000 to clean up the community, opening up tax revenue opportunities for the first time in 25 years.

A 10.5 acre, Town owned brownfield property was awarded a \$2,850,000 grant from Connecticut Department of Economic and Community Development (DECD) to remediate and demolish the site which lies within the TOD. This major site is cleaned up and ready for development.

Ryder’s Landing is a major development coming before zoning in 2018 including a hotel/conference center and an open walkway along the Housatonic River. This upcoming project is located next to Lockheed Martin (Sikorsky). Stratford is partnering with CT Department of Transportation to update the state highway along the main corridor including Lockheed Martin and the proposed development.

The United Illuminating Sub-Station is set to open in the end of 2018, generating \$775,000 in additional tax revenues annually.

The aforementioned major developments that have been highlighted in addition to the many businesses that continue to bypass lower Fairfield County and choose Stratford, will positively contribute to our Grand List in coming years.

Recent Town Operations

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

The Town has a Fiscal Year 2017-2018 operating budget that was delayed this year because of the challenges with the State of Connecticut budget issues. During budget meetings, every department head was asked to review each program, analyze expenditures and to justify all budget deviations from the prior year to the Chief Administrative Officer, Mayor, Director of Finance and Human Resources Director. On the revenue side of the budget, the final budget incorporated all the changes on the State Intergovernmental Revenues.

Annually the Town prepares a Five Year Capital Improvement & Equipment Program, which is reviewed by the Town Council. The Five Year Capital Improvement and Equipment Program includes various projects and equipment purchases totaling \$116,601,250 for the five-year period beginning with Fiscal Year 2018 and ending with Fiscal Year 2022.

The Town is currently undertaking a major school improvement project. The school project consists of comprehensive renovations and/or additions at the existing Stratford High School. The project will include complete new or like new construction of building envelope renovation, reconfiguration of existing spaces to maximize efficiency, additional science classrooms, gym facilities, media center, auditorium HVAC, energy efficiency and related site improvements. Renovation to Stratford High School will cost \$126,000,000. The town’s portion of the renovation will be \$52,600,000 and the remaining costs will be covered by state reimbursements.

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

Recent Financial Results

For the fiscal year ended June 30, 2017, the General Fund ended in a year-end operating surplus of \$988,803.

The Town's cost control efforts include the continuance of monitoring all overtime and review of bi-weekly expenses with department heads in order to enhance fiscal operations. Although there are some unknowns heading into Fiscal Year 2017-18, including ongoing union negotiations with Town's collective bargaining units and worker's compensation cases; however, the Town will endeavor to control spending, reach its collection goals, and strive to achieve balanced operations and to manage today into tomorrow.

For more information regarding recent Town operations refer to the Management Discussion & 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 was sworn into office. The Mayor is a full time, compensated, elected official with a term of four (4) years. The Mayor is recognized as the head of the Town and appoints all department heads including the Town Attorney, appoints citizens to commissions, prepares the budget, establishes criteria for evaluation of subordinates, and signs or vetoes legislation passed by the Town Council. This power includes the ability to veto a specific line item within proposed operating budgets. The Mayor's attendance at all Council meetings is required, but the Mayor is not able to vote unless to break a tie vote of the Town Council. A Chief Administrative Officer (the "CAO") is appointed by the Mayor, and assists the Mayor with budget preparation, labor negotiations, and any other areas deemed appropriate by the Mayor. A bipartisan Town Council of ten members, who are elected for two-year terms, performs the legislative function. The Town Council approves the annual budget, supplemental appropriations and bond authorizations.

Policies and Practice

Debt

In Fiscal Year 2017, the Town continued to pay principal and interest payments on its Pension Obligation Bonds directly from the General Fund. On January 4, 2017, the Town issued \$25,260,000 of general obligation bonds and \$25,000,000 of general obligation bond anticipation notes. The bonds will mature through 2036 and the issue was all new money. The Bond Anticipation Note will redeem in 2018 with the issue designated for the funding of the Stratford High School project.

Taxes

During the fiscal year ended 2017, the Town collected 97.69% of its current tax levy. Property taxes levied increased by \$8,482,510 over the prior year. The current year tax collections totaled \$168,761,349 with the arrear taxes and interest collected was \$4,575,675.

Acknowledgements

I would like to thank RSM US LLP., our independent auditors, for their professional guidance, assistance, and their helpful comments and suggestions. Also, I would like to give special thanks to my staff that put in numerous hours and assistance for the preparation of this report.

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

Respectfully Submitted,

Jay E. Wahlberg

Jay E. Wahlberg, Finance Director

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Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Stratford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratford, Connecticut's basic financial statements. The introductory section, the combining and individual fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of the Town of Stratford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Stratford's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stratford, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 20, 2017

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This discussion and analysis of the Town of Stratford, Connecticut's (the Town) financial performance is developed by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to XI.

Financial Highlights

- In the Statement of Net Position, The Town's net position decreased by \$17.5 million, or 9.3%, as a result of this year's operations. The net position of our business-type activities decreased by \$1.3 million, or 6%, and the net position of our governmental activities decreased by \$16.2 million, or 7.7%.
- During the year, the Town's governmental activities program expenses are \$16.9 million less than the \$244.3 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services are \$13.4 million while operating expenses are \$14 million primarily due to the Water Treatment plant and Emergency Medical Services.
- Total cost of all of the Town's programs increased by \$11.1 million to \$275.1 million with no major new programs added this year. These increases consisted of \$11.9 million in education, \$1.6 million in interest expense, \$0.7 million in physical development, and \$0.1 million in general government expense offset by a decrease of \$1.3 million in human development, \$1.7 million in public safety, and \$0.3 in business-type expenses.
- The General Fund reported a fund balance this year of \$9.3 million, which is an increase of \$1 million from the prior year.
- Revenues in the General Fund totaled \$217.4 million while expenditures totaled \$216.6 million resulting in a surplus of \$0.8 million on a budgetary basis.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position 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 XI. 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 position 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 position and changes in them. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position 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 to VI): 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 position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

Proprietary Funds (Exhibits VII to IX): 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 position 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 X and XI): 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 position and changes in fiduciary net position. 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 position decreased from a year ago from \$(188.7) million to \$(206.2) million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1
SUMMARY STATEMENT OF NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 85,538	\$ 49,435	\$ 6,572	\$ 7,196	\$ 92,110	\$ 56,631
Capital Assets, net of depreciation	190,239	190,894	47,903	51,231	238,142	242,125
Total assets	275,777	240,329	54,475	58,426	330,252	298,755
Deferred pension expense	6,285	19,303	-	-	6,285	19,303
Deferred Charge on Refundings	1,984	2,404	-	29	1,984	2,433
Total deferred outflows of resources	8,269	21,707	-	29	8,269	21,736
Current Liabilities	37,194	11,939	830	1,134	38,023	13,073
Long-Term Liabilities Outstanding	473,128	458,971	33,472	35,856	506,600	494,827
Total liabilities	510,322	470,911	34,301	36,990	544,623	507,901
Deferred pension credit	118	512	-	-	118	512
Advance Tax Collections	-	781	-	-	-	781
Total deferred inflows of resources	118	1,293	-	-	118	1,293
Net Position						
Net investment in capital assets	85,697	81,259	14,786	15,719	100,483	96,978
Restricted	2,670	2,476	-	-	2,670	2,476
Unrestricted	(314,761)	(293,903)	5,388	5,746	(309,373)	(288,157)
Total net position	\$ (226,394)	\$ (210,168)	\$ 20,174	\$ 21,466	\$ (206,220)	\$ (188,702)

Net position of the Town's governmental activities decreased by 7.7% to \$(226.4) million compared to (\$210.2) million the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(293.9) million at June 30, 2016 to \$(314.8) million at the end of this year.

Table 2
SUMMARY STATEMENT OF ACTIVITIES
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 9,770	\$ 10,757	\$ 13,378	\$ 14,181	\$ 23,148	\$ 24,938
Operating grants and contributions	51,984	45,266	-	-	51,984	45,266
Capital grants and contributions	7,303	4,965	-	-	7,303	4,965
General revenues:						
Property taxes	173,323	166,649	-	-	173,323	166,649
Grants and contributions not restricted to specific purposes	1,389	1,593	-	-	1,389	1,593
Unrestricted investment earnings	489	67	-	-	489	67
Total revenues	244,258	229,297	13,378	14,181	257,636	243,478
Program expenses:						
General government	32,000	31,845	-	-	32,000	31,845
Human development	8,794	10,145	-	-	8,794	10,145
Physical development	23,659	22,908	-	-	23,659	22,908
Public safety	34,067	35,826	-	-	34,067	35,826
Education	148,968	136,979	-	-	148,968	136,979
Interest expense	13,696	12,058	-	-	13,696	12,058
Waste operating	-	-	11,232	11,394	11,232	11,394
Emergency Medical Services	-	-	2,298	2,390	2,298	2,390
Miniature Golf Course	-	-	440	484	440	484
Total program expenses	261,184	249,761	13,970	14,269	275,154	264,030
Excess (deficiency) before transfers	(16,926)	(20,464)	(592)	(87)	(17,518)	(20,551)
Transfers	700	700	(700)	(700)	-	-
Change in net position	(16,226)	(19,764)	(1,292)	(787)	(17,518)	(20,551)
Net Position, beginning	(210,168)	(190,404)	21,466	22,253	(188,702)	(168,151)
Net Position, ending	\$ (226,394)	\$ (210,168)	\$ 20,174	\$ 21,466	\$ (206,220)	\$ (188,702)

The Town's total revenues were \$257.6 million. The total cost of all programs and services was \$275.1 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 71% of the revenues were derived from property taxes; the remaining 29% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$6.7 million over the prior year. Current tax collections totaled \$168.8 million or 97.7% of the levy. Arrears taxes and interest collected was \$4.6 million. Unrestricted investment earnings were \$0.4 million more than the prior year.
- Operating grants for governmental activities increased by \$6.7 million over the prior year. The State of Connecticut Education Cost Sharing grant, Special education, and Municipal revenue sharing totaled \$26.8 million of the Operating grants total.

Governmental expenses increased from \$249.8 million to \$261.1 million with no major new programs added this year. These increases consisted of \$11.9 million in education, \$1.6 million in interest expense, \$0.7 million in physical development, and \$0.1 million in general government expense offset by a decrease of \$1.3 million in human development, and \$1.7 million in public safety.

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

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

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General Government	\$ 32,000	\$ 31,845	\$ 29,175	\$ 29,578
Public Safety	34,067	35,826	32,064	34,803
Physical Development	23,659	22,908	20,628	14,768
Education	148,968	136,979	90,557	93,141
Human Development	8,794	10,145	6,006	4,425
All Others	13,696	12,058	13,696	12,058
Total	<u>\$ 261,184</u>	<u>\$ 249,761</u>	<u>\$ 192,127</u>	<u>\$ 188,773</u>

Business-Type Activities

Business-type activities decreased the Town's net position by \$1.3 million. The key factors were increase in operating expenses in Waste Operating fund, Short Beach golf course and Emergency Medical Services.

Town Funds Financial Analysis

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$32.6 million, an increase of \$15.4 million in comparison with the prior year. This is due to Bond issuance in January 2017 of \$25.26 million and premium on bond issuance of \$3.3 million. Deficiency of revenues over expenditures is \$13.9 million.

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 is \$9.3 million. The reason for the \$1 million increase in the General Fund mirrors the general fund activities analysis highlighted in RSI-1 and RSI-2.

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

- Increase in education employee benefits, and debt service principal retirements.
- Premium on bond issuance is recognized in the General Fund of \$3 million.

The Capital Projects Fund has a fund balance of \$18.3 million at the end of the year, an increase of \$14.9 million from the prior year. The change is due to issuance of bonds of \$25.26 million and major projects in the current year. Major projects are as follows:

- The Stratford High School Project of \$3.7 million.
- Road Resurfacing, sidewalk improvement, street improvement, and bridge improvement of \$1.1 million.
- Other school Improvements, equipment and technology infrastructure Projects have expenditures of \$3 million.
- Capital equipment purchases for public works, police and fire of \$1.5 million.

Other non-major governmental funds have a total fund balance of \$5 million, a decrease of \$0.5 million from the prior year. Decrease is due to Debt Service Fund transfers out of \$0.4 million, miscellaneous grants decrease by \$0.2 million and permanent funds increase by \$0.2 due to appreciation in fair market value of investments.

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 enterprise funds net position total \$20.2 million at the end of 2017, decreasing by \$1.3 million from the previous year.

Net position of the Waste Operating Fund at the end of the year is \$20.8 million, 103% of total net position of the proprietary funds. Other non-major activities have net deficit of \$.6 million or -3% of the total net position. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type Activities.

Internal service funds net position total (\$6.1) million at the end of 2017, decreasing by \$2 million from the previous years.

Net position of the Health Benefit Fund and Workers' compensation as of June 30, 2017 is \$1.3 million and (\$7.5) million, respectively. Decrease in Health Benefit fund net position is due to decrease in funding from General Fund. Decrease in Workers' Compensation fund net position is due to increase in risk management claim liability of \$1 million.

General Fund Budgetary Highlights

During the year, revenues were over budgetary estimates by \$3.5 million and expenditures were over budgetary estimates by \$1.3 million. The town had a positive revenue variance that was the result of \$.7 million revenues exceeding the budget for tax collections and bond premium of \$3 million. Tax collection revenue and bond premium helped minimize the overall number. Expenditures exceeded budget estimates due to increases in Public Safety (Police & Fire), Employee Benefits, and Town Attorney costs.

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, 2017 amounted to \$190.2 million and \$47.72 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the Town's investment in capital assets for the current fiscal year was \$4 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 15,919	\$ 15,919	\$ -	\$ -	\$ 15,919	\$ 15,919
Land Improvements	10,581	10,579	108	116	10,689	10,695
Buildings and Improvements	102,695	107,232	37,867	41,122	140,562	148,354
Infrastructure	34,017	31,411	7,658	7,679	41,675	39,090
Machinery and Equipment	15,182	17,134	2,099	2,314	17,281	19,448
Construction in Progress	11,846	8,618	170	-	12,016	8,618
Total	\$ 190,240	\$ 190,893	\$ 47,903	\$ 51,231	\$ 238,143	\$ 242,124

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

- The Stratford High School Project of \$3.7 million.
- Road Resurfacing, sidewalk improvement, street improvement, and bridge improvement of \$1.1 million.
- Other school Improvements, equipment and technology infrastructure Projects have expenditures of \$3 million.
- Capital equipment purchases for public works, police and fire of \$1.5 million.

More detailed information about the Town's capital assets is presented in Note 1 and Note 4 to the financial statements.

Long-Term Debt. At June 30, 2017 the Town had \$326.4 million in bonds and notes outstanding versus \$320.8 million last year, an increase of 1.8% as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 293,473	\$ 285,472	\$ 1,646	\$ 1,810	\$ 295,119	\$ 287,282
Capital Leases	1,831	2,260	197	221	2,027	2,481
Notes Payable	-	-	31,274	33,510	31,274	33,510
Total	\$ 295,303	\$ 287,732	\$ 33,117	\$ 35,541	\$ 328,420	\$ 323,273

The Town issued \$25,260,000 of General Obligation Bonds and \$25,000,000 of General Obligation Bond Anticipation Notes in January of 2017.

The Town maintains an “AA” rating from Standard & Poor’s and an “A1” rating from Moody’s for general obligation debt. The Town provides the rating agencies with ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior years’ tax collections. The current debt limitation for the Town amounts to \$1,214 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 6 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- Inflationary trends in the region are comparable to the national indices.
- The Town’s unemployment rate has dropped from 8.3% in October of 2013 as compared to 5% in October 2017.

All of these factors were considered in preparing the Town’s budget for fiscal year 2018. The fiscal year 2018 General Fund budget calls for \$217,311,271 in revenues with matching expenditures resulting in an increase of \$3,207,960 over fiscal year 2017 or a 1.50% increase. The Grand List only increased by .64% from 2017; thereby, resulting in a mill rate increase of 2.52%.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$988,803 to \$7,983,202. The Town did not utilize general fund balance for the fiscal year 2018 budget.

Contacting the Town’s Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the tax and other funding it receives. The report is available on the Town website: www.townofstratford.com. If you have questions about this report or need additional financial information, contact the Assistant Finance Director, Town of Stratford, 2725 Main Street, Stratford, Connecticut 06615.

Basic Financial Statements

Statement of Net Position (Deficits)
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 35,116,336	\$ 112,077	\$ 35,228,413
Restricted cash	37,786,942	-	37,786,942
Investments	1,879,181	-	1,879,181
Receivables, net	14,394,807	2,781,679	17,176,486
Internal balances	(4,792,367)	4,792,367	-
Inventory	38,942	-	38,942
Advance to other funds	1,114,103	(1,114,103)	-
Capital assets:			
Assets not being depreciated	27,764,677	170,287	27,934,964
Assets being depreciated, net	162,474,571	47,732,655	210,207,226
Total assets	\$ 275,777,192	\$ 54,474,962	\$ 330,252,154
Deferred outflows of resources:			
Deferred pension expense	\$ 6,285,184	\$ -	\$ 6,285,184
Deferred charges on refundings	1,984,056	-	1,984,056
Total deferred outflows of resources	\$ 8,269,240	\$ -	\$ 8,269,240
Liabilities			
Accounts and other payables	6,137,152	794,585	6,931,737
Accrued liabilities	5,645,355	-	5,645,355
Bond anticipation notes	25,000,000	-	25,000,000
Unearned revenue	411,261	34,929	446,190
Noncurrent liabilities:			
Due within one year	27,859,092	2,667,990	30,527,082
Due in more than one year	445,269,275	30,803,735	476,073,010
Total liabilities	510,322,135	34,301,239	544,623,374
Deferred inflows of resources:			
Deferred pension credit	118,264	-	118,264
Total deferred inflows of resources	118,264	-	118,264
Net position (deficit):			
Net investment in capital assets	85,697,023	14,785,906	100,482,929
Restricted for			
nonexpendable trust	2,669,929	-	2,669,929
Unrestricted (deficit)	(314,760,919)	5,387,817	(309,373,102)
Total net position (deficit)	\$ (226,393,967)	\$ 20,173,723	\$ (206,220,244)

See notes to financial statements.

Town of Stratford, Connecticut

Exhibit II

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (32,000,487)	\$ 2,774,299	\$ 51,301	\$ -	\$ (29,174,887)	\$ -	\$ (29,174,887)
Human development	(8,794,443)	1,354,402	1,433,668	-	(6,006,373)	-	(6,006,373)
Physical development	(23,658,898)	1,376,703	1,653,933	-	(20,628,262)	-	(20,628,262)
Public safety	(34,066,511)	2,002,040	-	-	(32,064,471)	-	(32,064,471)
Education	(148,967,777)	2,262,825	48,845,114	7,302,851	(90,556,987)	-	(90,556,987)
Debt service	(13,696,050)	-	-	-	(13,696,050)	-	(13,696,050)
Total governmental activities	(261,184,166)	9,770,269	51,984,016	7,302,851	(192,127,030)	-	(192,127,030)
Business-type activities:							
Waste Operating	(11,231,693)	11,125,732	-	-	-	(105,961)	(105,961)
Emergency Medical Services	(2,298,107)	2,026,664	-	-	-	(271,443)	(271,443)
Short Beach Golf Course	(440,078)	225,614	-	-	-	(214,464)	(214,464)
Total business-type activities	(13,969,878)	13,378,010	-	-	-	(591,868)	(591,868)
Total	\$ (275,154,044)	\$ 23,148,279	\$ 51,984,016	\$ 7,302,851	(192,127,030)	(591,868)	(192,718,898)
General revenues							
Property taxes					173,322,941	-	173,322,941
Grants and contributions not restricted to specific programs					1,388,857	-	1,388,857
Unrestricted investment earnings					488,951	-	488,951
Transfers					700,000	(700,000)	-
Total general revenues and transfers					175,900,749	(700,000)	175,200,749
Change in net position (deficit)					(16,226,281)	(1,291,868)	(17,518,149)
Net position (deficit) - beginning					(210,167,686)	21,465,591	(188,702,095)
Net position (deficit)- ending					\$ (226,393,967)	\$ 20,173,723	\$ (206,220,244)

See notes to financial statements.

Balance Sheet - Governmental Funds
June 30, 2017

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 33,160,566	\$ -	\$ 1,875,770	\$ 35,036,336
Restricted cash	37,786,942	-	-	37,786,942
Investments	-	-	1,879,181	1,879,181
Receivables, net (Note 3)	11,765,024	979,598	1,650,185	14,394,807
Inventories and prepaids	6,131	-	32,811	38,942
Advance to other funds	1,114,103	-	-	1,114,103
Due from other funds	4,522,013	48,796,909	3,154,929	56,473,851
Total assets	\$ 88,354,779	\$ 49,776,507	\$ 8,592,876	\$ 146,724,162
Liabilities				
Accounts payable	\$ 2,229,625	\$ 2,850,936	\$ 1,051,002	\$ 6,131,563
Accrued liabilities	830,283	-	-	830,283
Bond anticipation notes	-	25,000,000	-	25,000,000
Unearned revenues	-	-	411,261	411,261
Due to other funds	65,173,624	2,657,553	959,583	68,790,760
Total liabilities	68,233,532	30,508,489	2,421,846	101,163,867
Deferred inflows of resources:				
Unavailable resources	10,806,823	979,598	1,135,664	12,922,085
Total deferred inflows of resources	10,806,823	979,598	1,135,664	12,922,085
Fund balances:				
Nonspendable	1,120,234	-	32,811	1,153,045
Restricted	-	18,288,420	4,896,011	23,184,431
Committed	-	-	1,593,120	1,593,120
Assigned	210,988	-	-	210,988
Unassigned (deficit)	7,983,202	-	(1,486,576)	6,496,626
Total fund balances	9,314,424	18,288,420	5,035,366	32,638,210
Total liabilities, deferred inflows of resources and fund balances	\$ 88,354,779	\$ 49,776,507	\$ 8,592,876	\$ 146,724,162

See notes to financial statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2017**

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

Fund balances - total governmental funds (Exhibit III)	\$ 32,638,210
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	380,509,389
Less accumulated depreciation	<u>(190,270,141)</u>
Net capital assets	190,239,248
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Property tax receivables greater than 60 days	7,616,181
Interest receivable on property taxes	3,035,000
Assessments receivable	979,598
Housing loans	142,230
Receivable from the State for school construction projects	126,418
Other intergovernmental receivables	1,022,658
Internal Service Funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the Internal Service Funds are reported with governmental activities in the statement of net position.	(6,130,204)
Net deferred outflows/inflows related to net pension liability	6,166,920
Long-term liabilities, including bonds payable, are not due and payable in the current periods and, therefore, are not reported in the funds:	
Bonds and notes payable	(283,229,912)
Bond premium	(10,242,806)
Capital lease	(1,830,505)
Interest payable on bonds and notes	(4,815,072)
Compensated absences	(11,409,773)
Landfill closure	(7,800,000)
Net pension liability- defined benefit plan	(60,894,906)
OPEB obligation	(80,741,308)
Deferred charges on refunding	1,984,056
Claims and judgments	<u>(3,250,000)</u>
Net position (deficit) of governmental activities (Exhibit I)	<u><u>\$ (226,393,967)</u></u>

See notes to financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2017

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes and assessments	\$ 174,120,628	\$ 161,523	\$ -	\$ 174,282,151
State and federal governments	49,234,555	3,841,380	8,399,611	61,475,546
Charges for services	3,753,733	-	2,566,433	6,320,166
Licenses and permits	686,613	-	474,527	1,161,140
Investment income	122,817	-	366,134	488,951
Other	1,870,094	-	639,559	2,509,653
Total revenues	229,788,440	4,002,903	12,446,264	246,237,607
Expenditures:				
Current:				
General government:				
Administration	4,978,884	-	-	4,978,884
Contingency	2,641,747	-	-	2,641,747
Employee benefits	20,423,354	-	-	20,423,354
Finance	2,193,685	-	-	2,193,685
Human development	5,902,668	-	2,151,866	8,054,534
Physical development	11,251,696	-	1,559,038	12,810,734
Public Safety	25,614,821	-	202,406	25,817,227
Education	125,907,159	-	7,970,610	133,877,769
Debt service:				
Principal retirements	14,701,275	-	-	14,701,275
Interest and other charges	18,119,575	278,116	-	18,397,691
Capital outlay	-	15,662,246	545,960	16,208,206
Total expenditures	231,734,864	15,940,362	12,429,880	260,105,106
Excess (deficiency) of revenues over expenditures	(1,946,424)	(11,937,459)	16,384	(13,867,499)
Other financing sources (uses):				
Issuance of bonds	-	25,260,000	-	25,260,000
Premium on bond issuance	2,963,886	306,569	-	3,270,455
Transfers in	3,293,280	1,240,939	181,000	4,715,219
Transfers out	(3,321,939)	-	(693,280)	(4,015,219)
Total other financing sources (uses)	2,935,227	26,807,508	(512,280)	29,230,455
Net change in fund balances	988,803	14,870,049	(495,896)	15,362,956
Fund balances, beginning	8,325,621	3,418,371	5,531,262	17,275,254
Fund balances, ending	\$ 9,314,424	\$ 18,288,420	\$ 5,035,366	\$ 32,638,210

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2017**

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

Net change in fund balances - total governmental funds (Exhibit V) \$ 15,362,956

Governmental funds report capital outlays as expenditures. In the statement of
activities, the cost of those assets is allocated over their estimated useful
lives and reported as depreciation expense:

Loss on disposal (1,114,358)
Capital outlay 11,014,760
Depreciation expense (10,554,919)

In the statement of activities, only the gain on the sale of capital assets is reported.
However, in the governmental funds, the proceeds (loss) from the sale increase
financial resources. Thus the change in net position differs from the change in
fund balance by the cost of the assets sold.

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

Change in property taxes and interest collected after 60 days (2,314,606)
Change in assessments collected after 60 days 225,081
Change in housing loans collected after 60 days (46,218)
Change in school building grant receipts collected after 60 days (272,475)
Other grants collected after 60 days 428,496

Change in deferred outflows/inflows relating to the net pension liability, not
reported in governmental funds

(12,623,896)

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

Proceeds from sale of bonds (25,260,000)
Bond principal payments 20,852,239
Premium from sale of refunding bonds (3,987,446)
Proceeds from capital lease (291,153)
Capital lease payments 720,795

Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures
in the governmental funds:

Compensated absences (1,066,264)
Accrued interest (707,686)
Net pension liability 7,438,930
OPEB obligation (12,054,708)
Amortization of deferred amount on refunding (419,517)
Amortization of bond premiums 394,270

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

(1,950,562)

Change in net position of governmental activities (Exhibit II)

\$ (16,226,281)

See notes to financial statements.

Statement of Net Position (Deficit) - Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Waste Operating Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 112,077	\$ 112,077	\$ 80,000
Receivables:				
Accounts and other	-	327,107	327,107	-
Sewer usage receivable	2,454,572	-	2,454,572	-
Due from other funds	5,542,936	-	5,542,936	7,524,542
Total current assets	<u>7,997,508</u>	<u>439,184</u>	<u>8,436,692</u>	<u>7,604,542</u>
Capital assets:				
Assets not being depreciated	170,287	-	170,287	-
Capital assets being depreciated, net	45,174,160	2,558,495	47,732,655	-
Total capital assets	<u>45,344,447</u>	<u>2,558,495</u>	<u>47,902,942</u>	<u>-</u>
Total assets	<u>\$ 53,341,955</u>	<u>\$ 2,997,679</u>	<u>\$ 56,339,634</u>	<u>\$ 7,604,542</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 645,356	\$ 149,229	\$ 794,585	\$ 5,589
Unearned revenue	34,162	767	34,929	-
Due to other funds	-	750,569	750,569	-
Risk management claims	-	-	-	737,000
Bonds payable	133,122	-	133,122	-
Serial and notes payable	2,281,101	-	2,281,101	-
Capital lease	3,476	-	3,476	-
Compensated absences	89,740	-	89,740	-
Total current liabilities	<u>3,186,957</u>	<u>900,565</u>	<u>4,087,522</u>	<u>742,589</u>
Noncurrent liabilities:				
Advance from other funds	-	1,114,103	1,114,103	-
Bonds payable	265,999	1,247,000	1,512,999	-
Serial notes payable	28,992,872	-	28,992,872	-
Capital lease	30,127	163,339	193,466	-
Risk management claims	-	-	-	12,992,157
Compensated absences	21,877	243,072	264,949	-
Total noncurrent liabilities	<u>29,310,875</u>	<u>2,767,514</u>	<u>32,078,389</u>	<u>12,992,157</u>
Total liabilities	<u>32,497,832</u>	<u>3,668,079</u>	<u>36,165,911</u>	<u>13,734,746</u>
Net position (deficit):				
Net investment in capital assets	13,637,750	1,148,156	14,785,906	-
Unrestricted (deficit)	7,206,373	(1,818,556)	5,387,817	(6,130,204)
Total net position (deficit)	<u>\$ 20,844,123</u>	<u>\$ (670,400)</u>	<u>\$ 20,173,723</u>	<u>\$ (6,130,204)</u>

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds
For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Waste Operating Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Operating revenues:				
Charges for services	\$ 10,931,653	\$ 2,252,278	\$ 13,183,931	\$ 6,270,613
Other	194,079	-	194,079	-
Total operating revenues	11,125,732	2,252,278	13,378,010	6,270,613
Operating expenses:				
Claims	-	-	-	8,221,175
Operating and maintenance	6,968,177	2,386,699	9,354,876	-
Depreciation	3,599,460	301,863	3,901,323	-
Total operating expenses	10,567,637	2,688,562	13,256,199	8,221,175
Operating income (loss)	558,095	(436,284)	121,811	(1,950,562)
Nonoperating revenues (expenses):				
Interest expense	(664,056)	(49,623)	(713,679)	-
Total nonoperating revenues (expenses)	(664,056)	(49,623)	(713,679)	-
Net (loss) income before transfers	(105,961)	(485,907)	(591,868)	(1,950,562)
Transfers out	(300,000)	(400,000)	(700,000)	-
Change in net position (deficit)	(405,961)	(885,907)	(1,291,868)	(1,950,562)
Net position (deficit), beginning	21,250,084	215,507	21,465,591	(4,179,642)
Net position (deficit), ending	\$ 20,844,123	\$ (670,400)	\$ 20,173,723	\$ (6,130,204)

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Funds			Governmental
	Waste Operating Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers and users	\$ 10,978,189	\$ 2,293,254	\$ 13,271,443	\$ 6,639,114
Cash payments to suppliers	(5,986,858)	(2,154,306)	(8,141,164)	(7,336,017)
Cash payments to employees	(1,260,360)	(193,250)	(1,453,610)	-
Gross receipts (payments) to/from other funds	(55,603)	(3,712,930)	(3,768,533)	696,903
Net cash provided by (used in) operating activities	3,675,368	(3,767,232)	(91,864)	-
Cash flows from noncapital financing activities:				
Transfers (to)/from other funds	(300,000)	(400,000)	(700,000)	-
Net cash used in noncapital financing activities	(300,000)	(400,000)	(700,000)	-
Cash flows from capital and related financing activities:				
Principal payments on debt	(2,266,091)	(104,135)	(2,370,226)	-
Principal payments on capital lease	(1,040)	(22,904)	(23,944)	-
Interest paid on debt	(664,056)	(49,623)	(713,679)	-
Purchase of capital assets	(444,181)	(154,819)	(599,000)	-
Net cash used in capital and related financing activities	(3,375,368)	(331,481)	(3,706,849)	-
Net decrease in cash and cash equivalents	-	(4,498,713)	(4,498,713)	-
Cash and cash equivalents:				
Beginning	-	4,610,790	4,610,790	80,000
Ending	\$ -	\$ 112,077	\$ 112,077	\$ 80,000
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 558,095	\$ (436,284)	\$ 121,811	\$ (1,950,562)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,599,460	301,863	3,901,323	-
Loss on disposal of capital assets	-	25,250	25,250	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable and deferred charges	(147,543)	40,889	(106,654)	368,500
(Increase) decrease in due from other funds	(55,603)	-	(55,603)	687,903
Increase (decrease) in accounts payable and accrued expenses	(279,041)	13,893	(265,148)	(9,674)
Increase (decrease) in risk management claim liability	-	-	-	903,833
Increase in unearned revenues	-	87	87	-
Increase (decrease) in due to other funds	-	(3,712,930)	(3,712,930)	-
Net cash provided by (used in) operating activities	\$ 3,675,368	\$ (3,767,232)	\$ (91,864)	\$ -
Supplemental schedule of noncash financing activities:				
Amortization of gain on refunded debt	\$ -	\$ 29,425	\$ 29,425	\$ -
Amortization of premium on refunded debt	\$ -	\$ 30,560	\$ 30,560	\$ -

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2017

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 8,452,114	\$ 147,792	\$ 1,250,566
Investments, at fair value:			
Mutual funds - open end	76,372,005	4,294,748	-
Collective Trusts	101,648,613	-	-
Limited Partnerships	66,529,228	-	-
Total investments	<u>244,549,846</u>	<u>4,294,748</u>	<u>-</u>
Total assets	<u>\$ 253,001,960</u>	<u>\$ 4,442,540</u>	<u>\$ 1,250,566</u>
Liabilities			
Due to students and others	\$ -	\$ -	\$ 1,250,566
Net position:			
Restricted for pension benefits	253,001,960	-	
Restricted for OPEB benefits	-	4,442,540	
Total net position	<u>\$ 253,001,960</u>	<u>\$ 4,442,540</u>	

See notes to financial statements.

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2017**

	Pension Trust Fund	OPEB Trust Fund
Additions:		
Contributions:		
Plan members	\$ 1,447,209	\$ -
Employer	5,385,385	8,496,506
Total contributions	<u>6,832,594</u>	<u>8,496,506</u>
Investment income:		
Net appreciation in fair market value of investments	25,862,017	524,111
Interest and dividends	3,848,127	86,934
	<u>29,710,144</u>	<u>611,045</u>
Less investment expenses:		
Investment fee	(710,880)	-
	<u>(710,880)</u>	<u>-</u>
Net investment income	<u>28,999,264</u>	<u>611,045</u>
Total additions	<u>35,831,858</u>	<u>9,107,551</u>
Deductions:		
Benefits	22,019,024	8,446,506
Administrative Expenses	378,553	2,786
Total deductions	<u>22,397,577</u>	<u>8,449,292</u>
Change in net position	13,434,281	658,259
Net position - restricted for benefits:		
Beginning of year	<u>239,567,679</u>	<u>3,784,281</u>
End of year	<u>\$ 253,001,960</u>	<u>\$ 4,442,540</u>

See notes to financial statements.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 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.

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.

The Town adopted the following accounting standards in the current year:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The implementation of this statement resulted in additional disclosures (see Note 10). See Note 13 for the impact the adoption of GSAB 75 will have on the OPEB liability in the next fiscal year.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement establishes disclosure of information about nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a governments future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial condition and economic condition. The implementation of this statement had no impact on the Town's financial statements.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria and establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position 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.

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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 post-closure costs, are recorded only when payment is due.

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, 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 only when cash is received.

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

Additionally, the Town reports the following fund types:

The **Internal Service Fund** accounts for the Town's health benefit and workers' compensation costs.

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

The **OPEB Trust Fund** accounts for the activities of the Stratford non-pension postemployment benefits for certain retirees and their beneficiaries.

The **Agency Fund** is used to account for assets held by the Town in an agent capacity for individuals, private organizations or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the funds include the cost of operations and maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

Deposits and investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

Fair value: The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

Interfunds: 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.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not expendable available financial resources.

Property taxes: Property taxes are assessed as of October 1 and are levied for and due on the following July 1. Taxes are due in two installments on July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1. Liens are recorded during the month of April.

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. The cost of prepaid items is recorded as expenditures when consumed rather than purchased.

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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 asset additions are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 position. Bond premiums and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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. Debt principal payments are reported as debt service expenditures.

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.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Pension plans: For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's defined benefit public employees retirement system (PERS) and the additions to/deletions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund equity: Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net investment in capital assets: This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted: Net position is restricted because restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable fund balance: This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted fund balance: These amounts are restricted because restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Stratford Town Council). A commitment of fund balance and any subsequent modification or rescission requires a resolution of the Stratford Town Council.

Assigned fund balance: For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted, committed or nonspendable. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose by the Town of Stratford Town Council. Under the Town’s adopted policy, the Town Council has the authority to authorize the Director of Finance to assign amounts for a specific purpose.

Unassigned fund balance: This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Fund balance flow assumptions: Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 2. 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) permits 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 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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short- Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market- average rate of return throughout budgetary and economic cycles.

Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits:

Deposit custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$78,377,279 of the Town's bank balance of \$88,447,943 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 78,377,279
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name	<u>8,708,587</u>
Total amount subject to custodial credit risk	<u><u>\$ 87,085,866</u></u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2017:

Cash and cash equivalents:	
Deposits with financial institutions	\$ 73,511,370
Cash Equivalents	9,354,457
Total cash and cash equivalents	<u>82,865,827</u>
Investments:	
Permanent funds:	
Common stock	1,347,855
Mutual funds	531,326
Total permanent funds	<u>1,879,181</u>
Pension trust funds:	
Mutual funds	76,372,005
Collective Trusts	101,648,613
Limited Partnerships	66,529,228
Total pension investments	<u>244,549,846</u>
Private purpose trust funds:	
Mutual funds	4,294,748
Total investments	<u>250,723,775</u>
Total cash, cash equivalents and investments	<u>\$ 333,589,602</u>

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 73,015,355
Investments	1,879,181
	<u>74,894,536</u>
Fiduciary funds:	
Cash and cash equivalents	9,850,472
Investments	248,844,594
	<u>258,695,066</u>
Total cash, cash equivalents and investments	<u>\$ 333,589,602</u>

Interest rate risk: The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Information about the exposure of the Town's debt type investments, majority of which relates to the Town's Pension and Private Purpose Trust Funds, to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Mutual Funds	\$ 49,043,521	\$ 74,236	\$ 92,740	\$ 48,876,545	\$ -
	<u>\$ 49,043,521</u>	<u>\$ 74,236</u>	<u>\$ 92,740</u>	<u>\$ 48,876,545</u>	<u>\$ -</u>

Credit risk - investments: As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of credit risk: The Town's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, 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.

Presented below is the actual credit rating by Standard and Poor's as required for each debt-type instrument:

Average Rating	Mutual Funds
AAA	\$ 141,134
AA	80,980,023
Unrated	76,922
	<u>\$ 81,198,079</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2017:

	Fair Value Measurements Using			
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 1,347,855	\$ 1,347,855	\$ -	\$ -
ADRs/Foreign stocks	-	-	-	-
Mutual funds	80,968,115	80,968,115	-	-
Pooled, Common, and Collective Trusts	101,648,613	101,648,613	-	-
Total investments by fair value level	183,964,583	183,964,583	-	-
Investments measured at net asset value (NAV)*:				
Equity hedge funds	17,808,423			
Real estate investment funds	48,950,769			
Total investments measured at the NAV	66,759,192			
Total investments	\$ 250,723,775			

* In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to line items presented in the statements of financial position.

Equity securities (Stocks and Mutual Funds): Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Pooled, Common, and Collective Trusts: Common Trusts, classified in Level 1 of the fair value hierarchy, are made up exclusively of equities in which prices quoted in active markets are available.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at NAV:				
Equity hedge funds	\$ 17,808,423	\$ -	Quarterly	Various
Real estate investment funds	48,950,769	-	Quarterly	Various
Total Investments Measured at NAV	\$ 66,759,192			

Town of Stratford, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Equity hedge funds: This type includes investments in two hedge funds that invest both long and short, primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments. Excess cash for distributions is determined by Fund Managers, and is distributed as deemed appropriate after budget review.

Real estate investment funds: This type includes three real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can be redeemed quarterly upon one quarter's advance notice. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

Note 3. Receivables, Deferred Inflow of Resources and Unearned Revenue

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:

	General	Capital Projects	Waste Operating	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	\$ 11,680,097	\$ -	\$ -	\$ -	\$ -	\$ 11,680,097
Accounts and other	608,509	-	-	496,853	507,386	1,612,748
Special assessments	-	979,598	2,454,572	-	-	3,434,170
Intergovernmental	126,418	-	-	-	1,142,799	1,269,217
Gross receivables	12,415,024	979,598	2,454,572	496,853	1,650,185	17,996,232
Less allowance for uncollectibles	650,000	-	-	169,746	-	819,746
Net total receivables	\$ 11,765,024	\$ 979,598	\$ 2,454,572	\$ 327,107	\$ 1,650,185	\$ 17,176,486

Town of Stratford, Connecticut

Notes to Financial Statements

Note 3. Receivables, Deferred Inflow of Resources and Unearned Revenue (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 10,651,181	\$ -
Advance tax collections	-	-
Special assessments not yet due	979,598	-
School building grants	126,418	-
Housing loans	142,230	-
Grant drawdowns and other revenues received prior to meeting all eligibility requirements	-	411,261
Other	1,022,658	34,929
	<u>\$ 12,922,085</u>	<u>\$ 446,190</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,918,830	\$ -	\$ -	\$ 15,918,830
Construction in progress	8,618,360	9,002,602	(5,775,115)	11,845,847
Total capital assets, not being depreciated	24,537,190	9,002,602	(5,775,115)	27,764,677
Capital assets, being depreciated:				
Land improvements	17,169,832	744,662	-	17,914,494
Buildings and improvements	177,418,252	947,084	(2,800,000)	175,565,336
Machinery and equipment	45,668,426	1,608,445	(3,597,617)	43,679,254
Infrastructure	111,098,546	4,487,082	-	115,585,628
Total capital assets being depreciated	351,355,056	7,787,273	(6,397,617)	352,744,712
Less accumulated depreciation for:				
Land improvements	6,590,540	743,151	-	7,333,691
Buildings and improvements	70,186,656	4,706,800	(2,022,634)	72,870,822
Machinery and equipment	28,534,072	3,223,900	(3,260,625)	28,497,347
Infrastructure	79,687,213	1,881,068	-	81,568,281
Total accumulated depreciation	184,998,481	10,554,919	(5,283,259)	190,270,141
Total capital assets being depreciated, net	166,356,575	(2,767,646)	(1,114,358)	162,474,571
Governmental activities capital assets, net	\$ 190,893,765	\$ 6,234,956	\$ (6,889,473)	\$ 190,239,248

Town of Stratford, Connecticut

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 448,695	\$ (278,408)	\$ 170,287
Total capital assets not being depreciated	-	448,695	(278,408)	170,287
Capital assets, being depreciated:				
Land improvements	\$ 2,179,777	\$ -	\$ -	\$ 2,179,777
Buildings and improvements	71,582,497	-	-	71,582,497
Machinery and equipment	14,918,767	154,819	(484,120)	14,589,466
Infrastructure	21,734,548	278,408	-	22,012,956
Total capital assets being depreciated	110,415,589	433,227	(484,120)	110,364,696
Less accumulated depreciation for:				
Land improvements	2,064,269	7,447	-	2,071,716
Buildings and improvements	30,460,607	3,254,550	-	33,715,157
Machinery and equipment	12,604,844	340,149	(454,356)	12,490,637
Infrastructure	14,055,354	299,177	-	14,354,531
Total accumulated depreciation	59,185,074	3,901,323	(454,356)	62,632,041
Total capital assets being depreciated, net	51,230,515	(3,468,096)	(29,764)	47,732,655
Business-type capital assets, net	\$ 51,230,515	\$ (3,019,401)	\$ (308,172)	\$ 47,902,942

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

Governmental activities:	
General government	\$ 623,716
Human Development	378,818
Physical Development	3,583,974
Public Safety	1,553,668
Education	4,414,743
Total depreciation expense - governmental activities	<u>\$ 10,554,919</u>
Business-type activities:	
Waste operating	\$ 3,599,460
Short beach golf course	25,280
Emergency medical services	276,583
Total depreciation expense - business-type activities	<u>\$ 3,901,323</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 4,522,013	\$ 65,173,624
Nonmajor Governmental Funds:		
Community Development	-	8,377
Shellfish and Oysters	114,454	-
Railroad Property	783,673	-
Miscellaneous Grants	-	951,206
Recreation	100,365	-
Department of Children and Family Services	80,745	-
Counseling Center	55,983	-
Harbor Management	192,701	-
Recycling	13,117	-
Gas Pipeline	156,100	-
Town Aid Road	337,025	-
Senior Citizens	56,745	-
Redevelopment Agency	418,074	-
Sewer Maintenance	35,576	-
Reserve Fund	367,091	-
Debt Service Fund	443,280	-
Capital Projects Funds	48,796,909	2,657,553
Enterprise Funds:		
Waste Operating	5,542,936	-
Emergency Medical Services	-	750,569
Internal Service Fund	7,524,542	-
	<u>\$ 69,541,329</u>	<u>\$ 69,541,329</u>

All cash is recorded in the General Fund. As a result, the balances above occur due to the use of pooled cash.

	Advance to Other Funds	Advance from Other Funds
General Fund	\$ 1,114,103	\$ -
Short Beach Golf Course Fund	-	1,114,103
	<u>\$ 1,114,103</u>	<u>\$ 1,114,103</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers (Continued)

The advances amongst the funds relate to expenditures incurred due to the damage from Storm Sandy. The Short Beach Golf Course plans to repay funds with future revenues. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers:

	Transfers In			Total
	General	Capital Projects	Nonmajor Governmental	
Transfers Out				
General Fund	\$ 1,900,000	\$ 1,240,939	\$ 181,000	\$ 3,321,939
Waste Operating Fund	300,000	-	-	300,000
Nonmajor Enterprise Funds	400,000	-	-	400,000
Nonmajor Governmental Funds	693,280	-	-	693,280
	<u>\$ 3,293,280</u>	<u>\$ 1,240,939</u>	<u>\$ 181,000</u>	<u>\$ 4,715,219</u>

All transfers are for regularly recurring operational transfers. These transfers represent revenue sources from the general fund and enterprise funds for capital improvement program, and transfer of unrestricted revenue from enterprise funds and railroad to the General Fund to finance various programs in accordance with budget authorizations.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2017 was as follows:

For the governmental activities, claims and judgments, compensated absences, landfill closure and post closure costs, risk management, net pension liability and OPEB obligations are generally liquidated by the General Fund.

	Beginning Balance	Additions	Adjustment Effective Rate Method	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds payable:						
General obligation bonds and notes	\$ 278,822,151	\$ 25,260,000	\$ -	\$ 20,852,239	\$ 283,229,912	\$ 21,627,239
Premium on general obligation bonds	6,649,630	2,989,662	997,784	394,270	10,242,806	-
Capital leases	2,260,147	291,153	-	720,795	1,830,505	672,793
Claims and judgments	3,250,000	-	-	-	3,250,000	-
Compensated absences	10,343,509	6,854,017	-	5,787,753	11,409,773	5,559,060
Landfill monitoring closure and post closure costs	7,800,000	-	-	-	7,800,000	-
Net pension liability- PERS	68,333,836	-	-	7,438,930	60,894,906	-
OPEB liability	68,686,600	20,551,214	-	8,496,506	80,741,308	-
Risk management	12,825,324	8,239,850	-	7,336,017	13,729,157	-
Governmental activities long-term liabilities	<u>\$ 458,971,197</u>	<u>\$ 64,185,896</u>	<u>\$ 997,784</u>	<u>\$ 51,026,510</u>	<u>\$ 473,128,367</u>	<u>\$ 27,859,092</u>
Business-Type Activities:						
General obligation bonds payable	\$ 1,779,243	\$ -	\$ -	\$ 133,122	\$ 1,646,121	\$ 133,122
Premium on general obligation bonds	30,560	-	-	30,560	-	-
Notes payable	33,509,942	-	-	2,235,969	31,273,973	2,281,101
Capital leases	220,885	30,143	-	54,086	196,942	51,011
Compensated absences	315,643	241,802	-	202,756	354,689	202,756
Business-type activities long-term liabilities	<u>\$ 35,856,273</u>	<u>\$ 271,945</u>	<u>\$ -</u>	<u>\$ 2,656,493</u>	<u>\$ 33,471,725</u>	<u>\$ 2,667,990</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

As of June 30, 2017, the outstanding general obligation bonded indebtedness of the Town recorded in the governmental activities was as follows:

School bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from July 2024 to December 2033	\$ 46,511,055
General obligation pension bonds with interest rates ranging from .5% to 5.037% and varying expiration dates from June 2018 to August 2038	150,990,000
General obligation bonds with interest rates ranging from 2.0% - 5.125% and expiration dates from July 2024 to December 2033	82,197,759
Energy bonds with interest rates of 3.24% and expiring on June 30, 2030	3,531,098
Total	<u><u>\$ 283,229,912</u></u>

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2018	\$ 21,627,239	\$ 12,575,829	\$ 34,203,068
2019	19,125,238	11,322,789	30,448,027
2020	18,528,238	10,680,202	29,208,440
2021	17,886,238	10,054,226	27,940,464
2022	17,583,238	9,391,425	26,974,663
2023-2027	73,505,190	36,762,211	110,267,401
2028-2032	56,459,531	22,557,377	79,016,908
2033-2037	45,555,000	9,608,731	55,163,731
2038-2040	12,960,000	775,800	13,735,800
	<u><u>\$ 283,229,912</u></u>	<u><u>\$ 123,728,590</u></u>	<u><u>\$ 406,958,502</u></u>

The State of Connecticut reimburses the Town for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2017 was approximately \$287,000. Additional payments for bond principal aggregating approximately \$465,000 are expected to be received through the bonds' maturity dates.

In-substance defeasance- prior years: In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. The balance in escrow at June 30, 2017 was \$1,400,862 which includes proceeds from the October 2013 refunding. The balance of the defeased bonds was approximately \$1,375,000 at June 30, 2017. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Bond anticipation notes: The Town uses bond anticipation notes during the construction period of various public improvements prior to the issuance of the bonds at completion of the project. On January 4, 2017, the Town Issued \$25,000,000 in bond anticipation notes for various public improvements and school projects and equipment. The notes will mature on January 3, 2018.

Compensated absences: Included in long-term liabilities is the estimated obligation for employee compensated absences that has not become due, aggregating \$11,764,462 as of June 30, 2017.

The liability for compensated absences will be funded from the General Fund and the Enterprise Funds.

Unsettled contract reserve: Included in long-term liabilities is the estimated obligation for retro-pay on union contracts in negotiation as of June 30, 2017.

Bond authorizations: Bonds authorized but unissued at June 30, 2017 are as follows:

General purpose	\$ 1,527,724
Schools	103,613,792
Sewers	1,327,141

Business-type activities obligations: At June 30, 2017, long-term debt in the Enterprise Funds consists of the following:

Energy bonds with interest rate of 3.24% and expiring on June 30, 2030	\$ 399,121
Emergency Management Facility bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from August 2022 to December 2027	1,247,000
Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2030	31,273,973
	<u>\$ 32,920,094</u>

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2018	\$ 2,414,223	\$ 665,773	\$ 3,079,996
2019	2,502,265	613,584	3,115,849
2020	2,551,237	559,366	3,110,603
2021	2,591,157	504,530	3,095,687
2022	2,658,044	448,557	3,106,601
2023-2027	13,783,582	1,372,499	15,156,081
2028-2032	6,419,586	159,776	6,579,362
	<u>\$ 32,920,094</u>	<u>\$ 4,324,085</u>	<u>\$ 37,244,179</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

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	\$ 390,211	\$ 84,972	\$ 305,239
Schools	780,422	106,006	674,416
Sewers	650,352	33,000	617,352
Urban renewal	563,638	-	563,638
Pension deficit	520,281	150,990	369,291

The total overall statutory debt limit for the Town does not exceed the legal debt limitation that is equal to seven times annual receipts from taxation (\$1,213,990,085).

Capital leases:

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

During 2017 the town made principal payments of \$720,795. The following is a summary of capital lease commitments as of June 30, 2017.

	<u>Amount</u>
Year ending June 30:	
2018	\$ 685,508
2019	626,637
2020	211,076
2021	169,533
2022	171,246
Total minimum lease payments	<u>1,864,000</u>
Less amount representing interest	<u>(33,495)</u>
Present value of minimum lease payments	<u>\$ 1,830,505</u>

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Year ending June 30:	
Asset class:	
Building and improvements	\$ 1,333,978
Machinery and equipment	3,251,811
Less accumulated depreciation	<u>(2,097,291)</u>
Net book value	<u>\$ 2,488,498</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Business-type activities: The WPCA and EMS has entered into multi-year capital leases for the purchase of various capital items including energy efficiency improvements.

During 2017 the WPCA and EMS fund made principal payments of \$54,086. The following is a summary of capital lease commitments as of June 30, 2017.

	<u>Amount</u>
Year ending June 30:	
2018	\$ 54,126
2010	54,964
2020	69,229
2021	15,346
2022	<u>10,855</u>
Total minimum lease payments	204,520
Less amount representing interest	<u>(7,578)</u>
Present value of minimum lease payments	<u><u>\$ 196,942</u></u>

The assets acquired through capital leases are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
Asset class:	
Building and improvements	\$ 104,051
Machinery and equipment	294,566
Less accumulated depreciation	<u>(125,177)</u>
Net book value	<u><u>\$ 273,440</u></u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 7. Fund Balances

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 32,811	\$ 32,811
Prepays	6,131	-	-	6,131
Advances to other funds	1,114,103	-	-	1,114,103
Restricted for:				
Grants	-	-	337,025	337,025
Physical development	-	-	2,330,279	2,330,279
Education	-	-	604,015	604,015
Human development	-	-	69,340	69,340
Capital projects	-	18,288,420	-	18,288,420
Committed to:				
Education	-	-	144,860	144,860
Human development	-	-	1,362,161	1,362,161
Physical development	-	-	811,270	811,270
Public safety	-	-	386,901	386,901
Debt Service	-	-	443,280	443,280
Assigned to:				
Education encumbrances	210,988	-	-	210,988
Unassigned	7,983,202	-	(1,486,576)	6,496,626
Total fund balances	<u>\$ 9,314,424</u>	<u>\$ 18,288,420</u>	<u>\$ 5,035,366</u>	<u>\$ 32,638,210</u>

Significant encumbrances at June 30, 2017 are contained in the above table in both the assigned and committed categories

Deficit fund equity:

The Town has the following fund deficits at June 30, 2017:

School Lunch Program*	\$ (354,736)
Community Development*	(97,077)
Short Beach Golf Course*	(1,039,730)
Miscellaneous Grants*	(1,001,952)
Internal Service**	(6,130,204)

* Deficit will be eliminated through future charges for services.

** Deficit will be eliminated through future appropriations.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 8. Risk Management

The Town is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials and law enforcement; injuries to employees; and natural disasters. The Town purchases commercial property, boiler and machinery insurance for losses in excess of \$50,000 to the Town's real estate, third party liability insurance up to \$10,000,000 for claims above a \$1,000,000 self-insured retention. The Town is self-insured for its medical, dental, workers' compensation and heart and hypertension. The Town has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund. The Internal Service Fund services employee health and workers' compensation claims for risk of loss. Under the program, the Town is obligated for claim payments. The Town has purchased a stop loss policy for individual claims exceeding \$500,000 for hospital and major medical.

All departments of the Town participate in the program and make payments to the Internal Service Fund based on estimates of the amount needed to provide for normal occurrence of claims.

Claims and expenses and liabilities are reported when it is probable that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. Liabilities calculated by actuarial valuations include amounts for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

The Town is self-insured for workers' compensation and heart and hypertension benefits. The Town recognizes a liability for workers' compensation claims payable, additional estimated losses on claims, and for claims incurred but not reported based on actuarial analysis of claim history and for other self-insured claims that are probable of loss based on a case-by-case review.

Changes in the liabilities for self-insured risks are as follows:

Fiscal Year	Claims Payable, July 1	Current Year Claims and Changes in Estimates	Payment of Claims	Claims Payable, June 30
2016	\$ 10,891,000	\$ 9,643,867	\$ 7,709,543	\$ 12,825,324
2017	12,825,324	8,239,850	7,336,017	13,729,157

Town of Stratford, Connecticut

Notes to Financial Statements

Note 9. 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 \$3,250,000 to cover claims not covered by insurance. At this time, the Town has determined that none of the claims outstanding are due within the next 12 months.

Municipal solid waste service agreement: The Town has entered into a Greater Bridgeport Regional Solid Waste Interlocal Agreement (Interlocal Agreement) which creates the Greater Bridgeport Regional Solid Waste Committee (Operating Committee) as a public body comprised of various southwest Connecticut municipalities for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste. Wheelabrator agreed to contract terms of \$61.22 per ton up to 175,000 aggregate annual tonnage for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change, subject to an executable contract and Wheelabrator Board approvals.

Note 10. Other Post-Employment Benefits

Post-employment benefits:

Plan description and membership: The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The single-employer plan covers Town, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate standalone financial statements for the plan. At July 1, 2016, plan membership consisted of the following:

Active members	981
Retired members	861
Beneficiaries	69
Spouses of retired members	229
Total participants	<u>2,140</u>

Funding policy: The Town has established an OPEB Trust Fund and makes contributions to the fund from various other fund types. This trust fund was opened for the purpose of segregating balances for post-employment benefits. The contribution requirements of plan members and the Town are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Hall: Generally, retirees and their dependents are covered after 23 years of continuous service by the retiree and, if hired after July 1, 1977, age 50, or 5 years of service and age 55.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Medical benefits:

Retire prior to July 1, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1986 and prior to signing of 1987-1990 collective bargaining agreement - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire after signing of 1987-1990 collective bargaining agreement - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life insurance:

Retire before September 1, 1999 - \$5,000 until age 65.

Retire after September 1, 1999 - \$25,000 until age 70, \$5,000 thereafter.

Police: Generally, retirees and their dependents are covered after 25 years of service.

Medical benefits:

Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life insurance:

\$5,000 until age 65.

Firefighters: Generally, retirees and their dependents are covered after 25 years of service.

Medical benefits:

Retire prior to July 1, 1987 - Benevolent Society pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1987 and prior to July 1, 1989 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after July 1, 1989 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Public Works: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after July 1, 1985, age 50, or 5 years of service and age 55.

Medical benefits:

Retire prior to July 1, 1985 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1985 and prior to July 1, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1986 and prior to July 1, 1987 - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after July 1, 1987 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Life insurance:

\$5,000 until age 65.

Supervisors: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical benefits:

Retire prior to July 2, 1985 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 2, 1985 and prior to March 31, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after April 1, 1986 and prior to September 4, 1987 - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after September 4, 1987 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life insurance:

Retire after August 2, 1985, \$5,000 until age 65.

BOE custodians: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and dental benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life insurance:

\$15,000.

BOE nurses: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after July 1, 1977, age 50, or 5 years of service and age 55.

Medical and dental benefits:

Board pays 50% of the cost for the retiree only.

BOE administrators: Generally, an administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

Normal retirement for administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Medical and dental benefits:

Board pays 50% of the cost for the retiree only.

BOE paraprofessional/cafeteria workers: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Medical and dental benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life insurance:

\$7,000.

BOE secretaries: Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and dental benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life insurance:

\$15,000.

BOE teachers: Generally, a teacher retiring under the Connecticut State Teachers Retirement System shall be eligible to receive benefits for self and spouse at the earliest age of 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Medical and dental benefits:

Board pays 50% of the cost for the retirees only.

Description of actuarial assumptions and methods: The following is a summary of certain significant actuarial assumptions and other plan information:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Entry Age normal
Amortization method	Level percent
Remaining amortization period	21 years-decreasing
Actuarial assumptions:	
Investment rate of return	4.00%
Medical Inflation Rate over 62 years	5.20-4.60%
Dental Inflation Rate	2.50%
Amortization Growth Rate	4.00%

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Annual OPEB cost and net OPEB obligations: The Town of Stratford's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

	<u>OPEB Plan</u>
Annual required contribution (ARC)	\$ 21,050,753
Interest on OPEB obligation	2,747,464
Adjustment to annual required contribution	<u>(3,247,003)</u>
Annual OPEB cost	20,551,214
Contributions made	<u>8,496,506</u>
Increase in net OPEB obligation	12,054,708
Net OPEB obligation, beginning of year	<u>68,686,600</u>
Net OPEB obligation, end of year	<u><u>\$ 80,741,308</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 is presented below.

OPEB Plan

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 20,333,100	\$ 7,635,300	37.6%	\$ 57,425,700
6/30/2016	19,400,100	8,139,200	42.0%	68,686,600
6/30/2017	20,551,214	8,496,506	41.3%	80,741,308

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Schedule of Funding Progress:

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 Percentage of Covered Payroll ((b-a)/c)
<u>Town</u>						
7/1/2016	\$ 2,333,000	\$ 137,276,000	\$ 134,943,000	1.7%	\$ 26,499,000	509.2%
<u>Board of Education</u>						
7/1/2016	\$ 1,451,000	\$ 113,381,000	\$ 111,930,000	1.3%	\$ 46,083,000	242.9%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

GASB 74 Disclosures:

Investments:

Investment policy: The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>OPEB Plan</u>
Rate of return	15.98%

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Net OPEB liability of the Town: During the year the Town adopted GASB Statement No. 74. This Statement requires the net OPEB liability to be measured at the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

Net OPEB Liability as of June 30, 2017	OPEB Plan
Total OPEB liability	\$ 280,385,144
Plan fiduciary net position	4,442,541
Net OPEB liability	275,942,603
Plan fiduciary net position as a percentage of total OPEB liability	1.58%

The Town's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Assumed rate of return: The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2016, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	30.00%	2.66%	2.52%
US Large Caps	20.00%	4.86%	3.61%
US MidCap Growth	10.00%	6.32%	3.96%
US MidCap Value	10.00%	5.07%	3.57%
Non-US Equity	10.00%	6.34%	4.59%
Private Real Estate Property	15.00%	3.85%	3.13%
Timber	5.00%	4.06%	3.23%
	<u>100.00%</u>		4.27%
Assumed Inflation- Mean		2.50%	2.50%
Assumed Inflation- Standard Deviation		2.00%	2.00%
Portfolio Real Mean Return		4.32%	3.87%
Portfolio Nominal Mean Return		6.84%	6.46%
Portfolio Standard Deviation			9.12%
Long-Term Inflation Expectation			4.00%

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 6.125%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Net OPEB Liability	1.0% Decrease	Healthcare Cost	1.0% Increase
	(4.2% decreasing to 3.6%)	Trend Rates (5.2% decreasing to 4.6%)	(6.2% increasing to 5.6%)
Net OPEB liability as of June 30, 2017	\$ 230,236,727	\$ 275,942,603	\$ 335,379,258

Sensitivity of estimates used in calculating the net OPEB liability: The following presents the net OPEB liability of the City, calculated using the discount rate of 6.125%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

Net OPEB Liability	1% Decrease	Current	1% Increase
	2.58%	Discount Rate 3.58%	4.58%
OPEB Plan	\$ 327,242,523	\$ 275,942,603	\$ 235,612,311

Note 11. Landfill Closure and Post-Closure 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 post-closure care, aggregating approximately \$7.8 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, 2017. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants. The Town is currently in discussions with the Department of Environmental Protection to develop and implement a superfund site plan, which needs to occur prior to the capping process. Therefore, there is no current portion of the liability reflected in the financial statements. Once an agreement is established the current portion will be reported.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans

Employee defined benefit pension plan:

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, 2016, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries:	
Currently receiving benefits	653
Vested, benefits deferred	14
Current employees:	
Active	222
Suspended	22
	<hr/>
	911
	<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.

Summary of significant accounting policies and plan asset matters: Basis of Accounting: Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are funded with investment earnings of the plan.

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

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

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plan (Continued)

Net pension liability: The Town's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016.

Investments:

Investment policy: The Plan's policy in regards to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	2.66%	2.52%
US Large Caps	S&P 500	20.00%	4.86%	3.61%
US MidCap Growth	Russell Mid Cap Growth	10.00%	6.32%	3.96%
US MidCap Value	Russell Mid Cap Value	10.00%	5.07%	3.57%
Non-US Equity	MSCI ACWI xUS NR	10.00%	6.34%	4.59%
Real Estate (Property)	NCREIF Property	15.00%	3.85%	3.13%
Timber	NCREIF Timber	5.00%	4.06%	3.23%
Assumed Inflation - Mean			2.50%	2.50%
Assumed Inflation - Standard Deviation			2.00%	2.00%
Portfolio Real Mean Return			4.32%	3.87%
Portfolio Nominal Mean Return			6.84%	6.46%
Portfolio Standard Deviation				9.12%
Long-term expected rate of return				6.75%

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.38 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plan (Continued)

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2017 were as follows:

Change in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/16	\$ 307,931,115	\$ 239,597,279	\$ 68,333,836
Changes for the year:			
Service cost	3,168,833	-	3,168,833
Interest	20,268,238	-	20,268,238
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	4,547,704	-	4,547,704
Contributions - employer	-	5,385,385	(5,385,385)
Contributions - Member	-	1,447,209	(1,447,209)
Net Investment Income	-	28,886,764	(28,886,764)
Benefit payments, including refunds of employee contributions	(22,019,024)	(22,019,024)	-
Administrative expense	-	(295,653)	295,653
Net changes	5,965,751	13,404,681	(7,438,930)
Balances at 6/30/17	<u>\$ 313,896,866</u>	<u>\$ 253,001,960</u>	<u>\$ 60,894,906</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2017. There have been no significant changes between the valuation date and the fiscal year-end.

Discount rate:

Discount rate	6.75%
Long-term expected rate of return, net of investment expense and including inflation	6.75%
Municipal bond rate	N/A

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Other key actuarial assumptions: The Plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2016
Measurement date	June 30, 2017
Inflation	2.250%
Salary increases including inflation	4.0%
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale AA
Actuarial cost method	Entry Age Normal
Asset valuation method	5 years, non-asymptotic recognition method

Discount rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Town will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity analysis: The following table presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75	Current Discount Rate 6.75	1% Increase 7.75
Total pension liability	\$ 347,979,274	\$ 313,896,866	\$ 285,056,827
Fiduciary net pension	253,001,960	253,001,960	253,001,960
Net pension liability	<u>\$ 94,977,314</u>	<u>\$ 60,894,906</u>	<u>\$ 32,054,867</u>

For the year ended June 30, 2017, the Town of Stratford recognized pension expense of \$10,570,351. As of June 30, 2017, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Net
Differences between expected and actual experience	\$ (118,264)	\$ 3,263,030	\$ 3,144,766
Net difference between projected and actual earnings	-	3,022,154	3,022,154
	<u>\$ (118,264)</u>	<u>\$ 6,285,184</u>	<u>\$ 6,166,920</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	4,209,715
2019		3,663,638
2020		941,134
2021		(2,647,567)
2022		-
Thereafter		-
	\$	<u>6,166,920</u>

Connecticut State Teachers' Retirement System:

Description of system: All certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$19,530,741 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015. The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

Economic assumptions:

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

Demographic assumptions:

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and prorable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

Mortality rates were based on the RP-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over the age 80 for the period after service retirement and for dependent beneficiaries as well as active members. The RPH-2014 Disability table projected to 2017 with scale BB is used for the period after disability retirement dependent beneficiaries.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap U.S. Equities	21%	5.8%
Developed Non-U.S.	18%	6.6%
Emerging Markets (non-U.S.)	9%	8.3%
Core Fixed Income	7%	1.3%
Inflation Linked Bond Fund	3%	1.0%
Emerging Market Bond	5%	3.7%
High Yield Bonds	5%	3.9%
Real Estate	7%	5.1%
Private Equity	11%	7.6%
Alternative Investments	8%	4.1%
Cash	6%	0.4%
	100%	

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 220,949,858	\$ 179,093,051	\$ 143,709,068

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans (Continued)

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$179,093,051 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2017, the Town recognized \$19,530,741 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Defined contribution pension plan: The Town administers a defined contribution pension plan that was opened to new members and contributions beginning in 1999. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are vested after five years of service with the Town and contribute between 6-8% annually, depending on the union. Plan investments are reported at fair value. The Town has no fiduciary responsibility over the assets of the Plan and therefore not included in the Town's financial statements. Benefits and contributions are established by the Town and may be amended by the Town Council and union negotiations. The Town's contribution for the fiscal years ended June 30, 2017 and 2016, were \$1,395,408 and \$1,184,955, respectively.

Note 13. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, the estimated increase in liabilities is approximately \$187 million:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.
- *GASB Statement No. 84, Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- *GASB Statement No. 85, Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
- *GASB Statement No. 86, Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

- *GASB Statement No. 87, Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

**Required Supplementary
Information - *unaudited***

Required Supplementary Information - unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual -
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Current levy	\$ 169,380,005	\$ 169,380,005	\$ 169,528,481	\$ 148,476
Arrears	3,410,000	3,410,000	3,916,331	506,331
Interest and lien fees	611,500	611,500	675,815	64,315
Motor Vehicle Personal Property Grant	1,130,316	1,130,316	1,130,316	-
Total property taxes	174,531,821	174,531,821	175,250,943	719,122
Intergovernmental revenues:				
State:				
Airplane Registration Fee	50,000	50,000	65,060	15,060
Civil Preparedness	19,200	19,200	51,301	32,101
Elderly Freeze Tax Relief	6,000	6,000	2,834	(3,166)
In Lieu of State Property	122,286	122,286	122,285	(1)
Mashantucket Indian Grant	160,760	160,760	160,760	-
Municipal Revenue Sharing	2,907,689	2,907,689	3,507,689	600,000
Municipal Sales Tax Grant	1,627,064	1,627,064	-	(1,627,064)
Payment in lieu of taxes	226,500	226,500	186,043	(40,457)
ST Telecom Pers Property	125,000	125,000	145,630	20,630
State Circuit Breaker	560,000	560,000	498,592	(61,408)
State Disability Exemption	9,900	9,900	8,298	(1,602)
State Education Cost Sharing	21,711,782	21,711,782	21,277,643	(434,139)
State Health CGS 10-217A	83,530	83,530	60,204	(23,326)
State In-School Security Grant	-	-	23,180	23,180
State NonPublic Transportation	91,607	91,607	-	(91,607)
State Public Transportation	252,949	252,949	-	(252,949)
State School Bond Interest	35,137	35,137	14,390	(20,747)
State School Bond Principal	258,085	258,085	258,085	-
State Special Education Grant	1,984,982	1,984,982	1,984,982	-
Veterans Added Relief	153,000	153,000	138,947	(14,053)
Total state	30,385,471	30,385,471	28,505,923	(1,879,548)
Total intergovernmental revenues	30,385,471	30,385,471	28,505,923	(1,879,548)
Departmental revenues:				
Town Clerk	812,200	812,200	1,042,903	230,703
Planning and Zoning	97,500	112,500	179,472	66,972
Health Department	105,950	105,950	161,441	55,491
Education	143,310	143,310	109,810	(33,500)
Public Works	571,200	571,200	476,521	(94,679)
Finance	300,000	300,000	201,771	(98,229)
Recreation	59,000	59,000	66,212	7,212
Sanitation	320,000	320,000	381,754	61,754
Inland Wetlands	16,000	16,000	30,849	14,849
Police	100,900	100,900	174,198	73,298
Baldwin Center	9,000	9,000	6,977	(2,023)
Police Special Duty	90,000	90,000	90,490	490
Police Investigation	-	-	24,926	24,926
Police Patrol	-	-	24,594	24,594
Police Special Duty	-	-	1,162,397	1,162,397
Public Works Outside	-	-	2,342	2,342
Town Attorney	-	-	116,242	116,242
Total departmental revenues	2,625,060	2,640,060	4,252,899	1,612,839

(Continued)

Required Supplementary Information - unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual -
(Non-GAAP Budgetary Basis) (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Licenses and permits:				
Building permits	\$ 700,000	\$ 700,000	\$ 583,222	\$ (116,778)
Boothe Memorial Park income	36,000	36,000	38,365	2,365
Building education training fee	1,400	1,400	13,502	12,102
Public Works licenses	1,300	1,300	15,920	14,620
Street and sewer permits	20,000	20,000	20,375	375
Beach stickers/concessions	125,000	125,000	87,264	(37,736)
Total licenses and permits	883,700	883,700	758,648	(125,052)
Investment income	84,000	84,000	122,817	38,817
Other:				
Gain on Sale (land)	500,000	500,000	-	(500,000)
Custodial Revenue	157,000	157,000	169,484	12,484
Beach House Rental	-	-	12,500	12,500
Fire & Liability Reimbursement	398,290	398,290	271,391	(126,899)
Fire Admin Misc Revenue	35,000	35,000	46,353	11,353
Health Reimbursements	8,450	8,450	7,130	(1,320)
Medical Examination Reimburse	16,000	16,000	26,055	10,055
Medicare Reimbursement	125,000	125,000	-	(125,000)
Misc Rental Baldwin	3,000	3,000	2,159	(841)
Misc Rental Cell Tower	115,000	115,000	153,829	38,829
Misc Rental Land use rent	50,000	50,000	50,000	-
Misc Revenue	216,663	216,663	399,233	182,570
Other - Boothe Estate	67,000	67,000	66,439	(561)
Other - Insurance Recovery	50,000	50,000	23,451	(26,549)
Other - Workers Comp Recovery	50,000	50,000	54,790	4,790
Land use rent	600,000	600,000	600,000	-
Social Security Reimbursement	225,000	225,000	172,654	(52,346)
Workers Comp Claim Reimburse	224,515	224,515	224,515	-
Total other	2,840,918	2,840,918	2,279,983	(560,935)
Total revenues	211,350,970	211,365,970	211,171,213	(194,757)

(Continued)

Required Supplementary Information - unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual -
(Non-GAAP Budgetary Basis) (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Other financing sources:				
Bond Premium	-	-	2,963,886	2,963,886
Transfers in	\$ 3,993,280	\$ 3,993,280	\$ 3,293,280	\$ 700,000
Total other financing sources	<u>3,993,280</u>	<u>3,993,280</u>	<u>6,257,166</u>	<u>3,663,886</u>
Total	<u>\$ 215,344,250</u>	<u>\$ 215,359,250</u>	217,428,379	<u>\$ 3,469,129</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.			19,530,741	
Public safety overtime reimbursements			(881)	
Public works reimbursements			(448,981)	
Dog Fund revenue not budgeted in the General Fund.			32,254	
Insurance and Worker's Compensation Reimbursements			(495,906)	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			<u>\$ 236,045,606</u>	

See note to required supplementary information.

Required Supplementary Information - unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual -
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Administration:				
Council Clerk	\$ 142,804	\$ 142,804	\$ 103,042	\$ 39,762
Office of the Mayor	280,106	280,106	289,245	(9,139)
Human Resources	677,640	677,640	677,909	(269)
Town Attorney	1,164,936	1,164,936	2,007,006	(842,070)
Chief Administrative Officer	191,440	191,440	206,351	(14,911)
Department of Planning	270,438	285,438	310,090	(24,652)
Registrar of Voters	287,022	287,022	283,334	3,688
Town Clerk	358,686	358,686	325,474	33,212
Town Buildings	673,100	585,100	584,493	607
Agencies	227,320	227,320	221,655	5,665
Information Technology	520,423	520,423	488,939	31,484
Total Administration	4,793,915	4,720,915	5,497,538	(776,623)
Debt/Overhead				
Contingency	3,598,336	3,598,336	2,851,912	746,424
Debt Interest	4,230,347	4,230,347	4,230,347	-
Debt Principal	6,748,643	6,748,643	6,748,643	-
Employee Benefits	30,484,453	30,484,453	30,969,114	(484,661)
Total Debt/Overhead	45,061,779	45,061,779	44,800,016	261,763
Finance				
Administration	170,151	170,151	178,383	(8,232)
Accounting	528,375	528,375	498,601	29,774
Purchasing	163,624	163,624	159,747	3,877
Tax Assessor	470,291	470,291	449,595	20,696
Tax Collector	479,260	479,260	418,420	60,840
Total Finance	1,811,701	1,811,701	1,704,746	106,955
Human Development				
Community Services	273,317	273,317	273,435	(118)
Economic Community Development	248,090	248,090	239,431	8,659
Health Department	603,565	603,565	658,526	(54,961)
Recreation Department	709,892	709,892	716,490	(6,598)
Senior Services	551,699	586,699	550,678	36,021
Sterling House	161,483	161,483	161,483	-
Stratford Library Association	3,044,040	3,044,040	3,026,688	17,352
Visiting Nurses Association	500	53,500	53,500	-
Short Beach	189,716	189,716	214,651	(24,935)
Total Human Development	\$ 5,782,302	\$ 5,870,302	5,894,882	\$ (24,580)

(Continued)

Required Supplementary Information - unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Physical development:				
Public works:				
Administration	\$ 466,917	\$ 466,917	\$ 468,932	\$ (2,015)
Building inspection	244,468	244,468	260,509	(16,041)
Building maintenance	1,695,542	1,695,542	1,678,036	17,506
Engineering	349,366	349,366	346,219	3,147
Parks	2,184,902	2,184,902	2,152,017	32,885
Highways	2,460,111	2,460,111	2,280,843	179,268
Town garage	673,800	673,800	635,469	38,331
Sanitation/refuse	4,131,827	4,131,827	3,888,778	243,049
Total	12,206,933	12,206,933	11,710,803	496,130
Public Safety				
Fire Department:				
Communication Center	1,103,599	1,103,599	1,044,999	58,600
Fire Administration	471,278	471,278	500,313	(29,035)
Fire Prevention	393,393	393,393	343,470	49,923
Fire Surpression	11,513,796	11,513,796	11,757,666	(243,870)
Police Department:				
Administration	933,884	933,884	943,381	(9,497)
Investigation	1,820,425	1,820,425	2,086,556	(266,131)
Patrol	6,195,868	6,195,868	7,351,929	(1,156,061)
Traffic	585,169	585,169	579,132	6,037
Professional standards	613,001	613,001	633,734	(20,733)
Police Records	400,266	400,266	335,503	64,763
Total Public Safety	24,030,679	24,030,679	25,576,683	(1,546,004)
Board Of Education	106,795,002	106,795,002	106,575,340	219,662

(Continued)

Required Supplementary Information - unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual -
(Non-GAAP Budgetary Basis) (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Other financing uses:				
Transfers out	\$ 14,861,939	\$ 14,861,939	\$ 14,861,939	\$ -
Total	<u>\$ 215,344,250</u>	<u>\$ 215,359,250</u>	216,621,947	<u>\$ (1,262,697)</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.			19,530,741	
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.			8,798	
			(198,922)	
The Town does not budget for capital leases issuances in the general fund. These amounts are recorded as revenue and expenditures for GAAP financial statement purposes.				
Public safety overtime reimbursements			(881)	
Public works reimbursements			(448,981)	
Dog Fund expenditures not budgeted in the general fund.			40,007	
Bond Premium Principal Retirement				
Insurance and Worker's Compensation reimbursements			(495,906)	
Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			<u>\$ 235,056,803</u>	

See notes to required supplementary information.

Required Supplementary Information - unaudited
Schedules of Employer Contributions and Funding Progress - OPEB
June 30, 2017

Schedule of Employer Contributions - OPEB

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 14,021,800	73.500%
2011	14,921,000	72.2%
2012	10,901,300	104.5%
2013	11,643,400	102.0%
2014	13,330,000	87.4%
2015	20,482,200	71.1%
2016	19,699,700	79.2%
2017	21,050,753	0.0%

Schedule of Funding Progress - OPEB

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)	AAL (UAAL) as a Percentage of Covered Payroll (D)
Town - OPEB						
7/1/2008	\$ -	\$ 58,760,000	\$ 58,760,000	0.00%	N/A	N/A
7/1/2010	630,000	67,290,000	66,660,000	0.94%	N/A	N/A
7/1/2012	862,158	56,342,736	55,480,578	1.53%	N/A	N/A
7/1/2014	2,054,000	138,009,000	135,955,000	1.49%	\$ 26,923,000	505.0%
7/1/2016	2,333,000	137,276,000	134,943,000	1.70%	26,499,000	509.2%
Board of Education - OPEB						
7/1/2008	\$ -	\$ 63,155,000	\$ 63,155,000	0.00%	N/A	N/A
7/1/2010	287,000	44,046,000	43,759,000	0.65%	N/A	N/A
7/1/2012	1,209,429	98,329,902	97,120,473	1.23%	N/A	N/A
7/1/2014	1,338,000	101,818,000	100,480,000	1.31%	\$ 49,062,000	204.8%
7/1/2016	1,451,000	113,381,000	111,930,000	1.28%	46,083,000	242.9%

**Required Supplementary Information - unaudited
Schedule of Contributions - OPEB Plan
Last 10 Fiscal Years**

	Schedule of Contributions - OPEB Plan									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 21,050,753	\$ 19,699,700	\$ 20,482,200	\$ 13,330,000	\$ 11,643,400	\$ 10,901,300	\$ 14,651,000	\$ 14,021,800	\$ 10,247,500	\$ 8,783,000
Contributions in relation to the actuarially determined contribution	8,496,506	8,139,200	7,635,300	3,076,900	7,012,000	6,518,400	5,339,800	5,132,500	4,758,000	4,654,800
Contribution deficiency (excess)	\$ 12,554,247	\$ 11,560,500	\$ 12,846,900	\$ 10,253,100	\$ 4,631,400	\$ 4,382,900	\$ 9,311,200	\$ 8,889,300	\$ 5,489,500	\$ 4,128,200
Covered-employee payroll	\$ 71,200,894	\$ 75,985,000	\$ 75,985,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	17.63%	15.21%	16.91%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Required Supplementary Information - unaudited
Schedule of Changes in the Town's OPEB Liability and Related Ratios (in 000's)
Last Four Fiscal Years*

Changes in Net OPEB Liability	OPEB Plan 2017
Total pension liability:	
Service cost	\$ 10,903
Interest	8,890
Differences between expected and actual experience	-
Changes in assumptions	(36,171)
Benefit payments, including refunds of member contributions	(8,447)
Net change in total OPEB liability	(24,825)
Total pension liability, beginning	305,210
Total OPEB liability, ending (a)	280,385
Fiduciary net position:	
Employer contributions	8,497
Member contributions	-
Investment (loss) income net of investment expenses	611
Benefit payments, including refunds of member contributions	(8,447)
Administrative expenses	(3)
Other	-
Net change in plan fiduciary net position	658
Fiduciary net position, beginning	3,784
Fiduciary net position, ending (b)	4,442
Net OPEB liability, ending = (a) - (b)	\$ 275,943
Fiduciary net position as a % of total OPEB liability	1.58%
Covered payroll	\$ 71,201
Net OPEB liability as a % of covered payroll	387.55%

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

**Required Supplementary Information - unaudited
Schedule of Investment Returns- Defined Benefit Plan
Last Four Fiscal Years***

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment income	12.38%	-0.40%	3.91%	13.03%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension Liability and Related Ratios –
Defined Benefit Plan (000s)
Last Four Fiscal Years*

	2017	2016	2015	2014
Changes in net pension liability				
Total pension liability:				
Service cost	\$ 3,169	\$ 3,338	\$ 3,386	\$ 3,739
Interest on total pension liability	20,268	20,162	19,991	19,881
Effect of economic changes/demographic gains or (losses)	4,548	1,019	(1,301)	(462)
Benefit payments	(22,019)	(21,504)	(20,807)	(20,286)
Net change in total pension liability	5,966	3,015	1,269	2,872
Total pension liability, beginning	307,932	304,917	303,648	300,776
Total pension liability ending (a)	313,898	307,932	304,917	303,648
Fiduciary net position:				
Employer contributions	5,385	5,393	5,221	162,209
Member contributions	1,447	1,661	1,578	1,683
Investment income net of investment expenses	28,887	(1,004)	9,917	26,333
Benefit payments	(22,019)	(21,504)	(20,807)	(20,286)
Administrative expenses	(296)	(264)	(399)	(239)
Net change in plan fiduciary net position	13,404	(15,718)	(4,490)	169,700
Fiduciary net position, beginning	239,597	255,315	259,805	90,105
Fiduciary net position, ending (b)	253,001	239,597	255,315	259,805
Net pension liability, ending = (a) - (b)	\$ 60,897	\$ 68,335	\$ 49,602	\$ 43,843
Fiduciary net position as a % of total pension liability	80.60%	77.81%	83.73%	85.56%
Covered payroll	\$ 19,912	\$ 20,317	\$ 22,237	\$ 22,771
Net pension liability as a % of covered payroll	305.83%	336.34%	223.06%	192.54%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of Town Contributions – Defined Benefit Plan
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 5,470,701	\$ 5,212,079	\$ 5,185,559	\$ 12,720,477	\$ 10,264,676	\$ 8,521,128	\$ 8,526,398	\$ 7,233,412	\$ 5,622,712	\$ 5,646,579
Contributions in relation to the actuarially determined contribution	5,385,385	5,393,200	5,220,969	162,209,000	9,778,500	8,493,774	8,526,398	7,233,452	5,240,187	5,669,932
Contribution deficiency (excess)	\$ 85,316	\$ (181,121)	\$ (35,410)	\$ (149,488,523)	\$ 486,176	\$ 27,354	\$ -	\$ (40)	\$ 382,525	\$ (23,353)
Covered employee payroll	\$ 19,912,480	\$ 20,317,247	\$ 22,237,216	\$ 22,770,569	\$ 23,551,913	\$ 23,991,550	\$ 24,238,011	\$ 24,002,108	\$ 24,494,790	\$ 24,881,992
Contributions as a percentage of covered employee payroll	27.05%	26.54%	23.48%	712.36%	41.52%	35.40%	35.18%	30.14%	21.39%	22.79%

Notes to schedule: The following is a summary of certain significant actuarial assumptions and other plan information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	5 Year Smoothed Market Value
Investment Rate of Return	6.75% per annum
Retirement:	
Police	25 years of continuous service
Fire	25 years of continuous service
Board of Education and Supervisors	23 years of continuous services and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Para-Professionals	23 years of continuous services and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Public Works	23 years of continuous service and, if hired after 7/1/85, age 50, or 5 years of service and age 55.
Town Hall and Nurses	23 years of continuous service and, if hired after 7/1/77, age 50, or 5 years of service and age 55.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement System
Last Three Fiscal Years*

Measurement period,	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	179,093,051	138,076,507	\$ 127,624,060
Town's covered-employee payroll	51,862,000	49,711,000	\$ 47,921,000
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age normal
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

**Required Supplementary Information – unaudited
Note to Required Supplementary Information**

Note 1. Budgetary Information

General fund: The Town's general budget policies are as follows:

Not later than March 12, the Mayor prepares and submits to the Town Council an annual budget for the next fiscal year based on detailed estimated revenues and expenditures for the Town.

The Town's charter requires the Town Council to hold public hearings prior to the adoption of the final budget, at which time taxpayers' comments are obtained.

Prior to May 13, the Town Council adopts the budget and sets the tax rate for the fiscal year through the passage of ordinances.

All interdepartmental appropriations and budget transfers must be approved by the Town Council. The Mayor approves all intradepartmental transfers.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

Budgeted amounts reported are as originally adopted, or as amended by the Town Council during the course of the year. No supplemental appropriations were approved for year ended June 30, 2017.

Expenditures which exceed appropriations: The legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ending June 30, 2017, the administration, human development and public safety departments exceeded appropriations in the amount of \$776,623, \$24,580, and \$1,546,005, respectively, which constitutes a violation of statutory provisions.

**Combining and Individual Fund
Financial Statements and Other Schedules**

General Fund

General Fund

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

Report of Tax Collector
 General Fund
 For the Year Ended June 30, 2017

Grand List Year	Uncollected Taxes July 1, 2016	Current Levy	Lawful Corrections	Transfers to Suspense	Adjusted Taxes Collectible	Taxes Paid	Interest	Lien	Other	Total Collected	Uncollected Taxes June 30, 2017
2015	\$ -	\$ 173,608,966	\$ (836,178)	\$ (17,345)	\$ 172,755,443	\$ 168,761,349	\$ 533,975	\$ 1,872	\$ 4,017	\$ 169,301,213	\$ 3,994,094
2014	4,029,648	-	(303,639)	(21,903)	3,704,106	1,691,803	395,823	5,495	26,489	2,119,610	2,012,303
2013	1,961,238	-	59,273	(34,751)	1,985,760	775,464	297,921	2,620	29,608	1,105,613	1,210,296
2012	1,095,990	-	195,064	(655,057)	635,997	310,543	161,303	1,260	14,282	487,388	325,454
2011	298,826	-	238,450	(123,062)	414,214	153,705	113,107	672	111	267,595	260,509
2010	266,911	-	101,798	(116,600)	252,109	66,708	53,242	216	82	120,248	185,401
2009	159,206	-	109,412	(115,553)	153,065	4,696	5,233	48	52	10,029	148,369
2008	66,379	-	107,488	(76,774)	97,093	948	583	24	70	1,625	96,145
2007	17,873	-	134,138	(76,663)	75,348	-	-	-	17	17	75,348
2006	68,672	-	112,126	(119,091)	61,707	-	-	-	36	36	61,707
2005	8,572	-	143,897	(103,029)	49,440	1	-	-	31	32	49,439
2004	20,595	-	116,190	(97,131)	39,654	-	-	-	41	41	39,654
2003	28,423	-	127,673	(109,525)	46,571	-	-	-	9	9	46,571
2002	4,359	-	150,961	(104,795)	50,525	1	-	-	4	5	50,524
2001	113,113	-	95,332	(116,274)	92,171	2,889	7,347	24	161	10,421	89,282
2000	286,170	-	-	(286,170)	-	101	282	-	17	400	(101)
	<u>\$ 8,425,975</u>	<u>\$ 173,608,966</u>	<u>\$ 551,985</u>	<u>\$ (2,173,723)</u>	<u>\$ 180,413,203</u>	<u>\$ 171,768,208</u>	<u>\$ 1,568,816</u>	<u>\$ 12,231</u>	<u>\$ 75,027</u>	<u>\$ 173,424,282</u>	<u>\$ 8,644,995</u>

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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	Grants and program fees	Youth and family 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	Program fees	Recreation programs
Town Aid Road	State grants	Improvements of local roads
Senior Citizens	Grants and program fees	Baldwin Senior Citizen Center
Police Special Services	Grants and local contributions	State Drug Enforcement Grant
Harbor Management	Collection of fees	Harbor management program
Recycling	Collection of fees	Recycling program
Gas Pipeline	Donation from Duke Energy	Various projects
Sewer Maintenance	Collection of fees	Miscellaneous maintenance of sewer functions
Reserve	Donations	Miscellaneous reserve funds

Debt Service Fund

The Debt Service Fund is used to service principal and interest payments on Pension obligation bonds.

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	Donations	Student activities
Bunnell High School	Donations	Student activities
Stephen Boothe	Donations	Boothe Memorial Park
David Boothe	Donations	Boothe Memorial Park

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Assets							
Cash and cash equivalents	\$ 19,690	\$ -	\$ 396,753	\$ -	\$ -	\$ 281,678	\$ -
Accounts receivable	329,194	142,230	20,137	-	-	15,825	-
Intergovernmental	-	-	-	-	-	-	-
Due from other funds	-	-	-	114,454	55,983	-	418,074
Inventory	32,811	-	-	-	-	-	-
Total assets	\$ 381,695	\$ 142,230	\$ 416,890	\$ 114,454	\$ 55,983	\$ 297,503	\$ 418,074
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)							
Liabilities:							
Accounts payable	\$ 736,431	\$ 88,700	\$ -	\$ -	\$ 692	\$ 33,138	\$ -
Unearned Revenue	-	-	251,893	-	-	-	-
Due to other funds	-	8,377	-	-	-	-	-
Total liabilities	736,431	97,077	251,893	-	692	33,138	-
Deferred inflows of resources:							
Unavailable resources	-	142,230	20,137	-	-	-	-
Fund balances (deficits):							
Nonspendable	32,811	-	-	-	-	-	-
Restricted	-	-	144,860	114,454	-	264,365	-
Committed	-	-	-	-	55,291	-	418,074
Unassigned	(387,547)	(97,077)	-	-	-	-	-
Total fund balances (deficits)	(354,736)	(97,077)	144,860	114,454	55,291	264,365	418,074
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 381,695	\$ 142,230	\$ 416,890	\$ 114,454	\$ 55,983	\$ 297,503	\$ 418,074

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue					
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Town Aid Road	Senior Citizens
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Intergovernmental	-	1,142,799	-	-	-	-
Due from other funds	783,673	-	80,745	100,365	337,025	56,745
Inventory	-	-	-	-	-	-
Total assets	\$ 783,673	\$ 1,142,799	\$ 80,745	\$ 100,365	\$ 337,025	\$ 56,745
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)						
Liabilities:						
Accounts payable	\$ 10,246	\$ 74,293	\$ 11,405	\$ 42,240	\$ -	\$ 4,266
Unearned Revenue	-	145,955	-	-	-	-
Due to other funds	-	951,206	-	-	-	-
Total liabilities	10,246	1,171,454	11,405	42,240	-	4,266
Deferred inflows of resources:						
Unavailable resources	-	973,297	-	-	-	-
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	773,427	-	69,340	58,125	337,025	-
Committed	-	-	-	-	-	52,479
Unassigned	-	(1,001,952)	-	-	-	-
Total fund balances (deficits)	773,427	(1,001,952)	69,340	58,125	337,025	52,479
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 783,673	\$ 1,142,799	\$ 80,745	\$ 100,365	\$ 337,025	\$ 56,745

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds							
	Police Special Services	Harbor Management	Recycling	Gas Pipeline	Sewer Maintenance	Reserve	Totals	
Assets								
Cash and cash equivalents	\$ 386,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,085,022	
Accounts receivable	-	-	-	-	-	-	507,386	
Intergovernmental	-	-	-	-	-	-	1,142,799	
Due from other funds	-	192,701	13,117	156,100	35,576	367,091	2,711,649	
Inventory	-	-	-	-	-	-	32,811	
Total assets	\$ 386,901	\$ 192,701	\$ 13,117	\$ 156,100	\$ 35,576	\$ 367,091	\$ 5,479,667	
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)								
Liabilities:								
Accounts payable	\$ -	\$ 4,299	\$ -	\$ -	\$ -	\$ 45,292	\$ 1,051,002	
Unearned Revenue	-	-	-	-	-	13,413	411,261	
Due to other funds	-	-	-	-	-	-	959,583	
Total liabilities	-	4,299	-	-	-	58,705	2,421,846	
Deferred inflows of resources:								
Unavailable resources	-	-	-	-	-	-	1,135,664	
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	32,811	
Restricted	-	-	-	156,100	-	308,386	2,226,082	
Committed	386,901	188,402	13,117	-	35,576	-	1,149,840	
Unassigned	-	-	-	-	-	-	(1,486,576)	
Total fund balances (deficits)	386,901	188,402	13,117	156,100	35,576	308,386	1,922,157	
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 386,901	\$ 192,701	\$ 13,117	\$ 156,100	\$ 35,576	\$ 367,091	\$ 5,479,667	

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Permanent Funds					Debt Service	Total Nonmajor Governmental Funds
	Stratford High School	Bunnell High School	Stephen Boothe	David Boothe	Total	Debt Service Fund	
Assets							
Cash and cash equivalents	\$ 11,940	\$ 26,348	\$ 227,795	\$ 524,665	\$ 790,748	\$ -	\$ 1,875,770
Investments	212,708	88,654	503,290	1,074,529	1,879,181	-	1,879,181
Accounts receivable	-	-	-	-	-	-	507,386
Intergovernmental	-	-	-	-	-	-	1,142,799
Due from other funds	-	-	-	-	-	443,280	3,154,929
Inventory	-	-	-	-	-	-	32,811
Total assets	\$ 224,648	\$ 115,002	\$ 731,085	\$ 1,599,194	\$ 2,669,929	\$ 443,280	\$ 8,592,876
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,051,002
Unearned Revenue	-	-	-	-	-	-	411,261
Due to other funds	-	-	-	-	-	-	959,583
Total liabilities	-	-	-	-	-	-	2,421,846
Deferred inflows of resources:							
Unavailable resources	-	-	-	-	-	-	1,135,664
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	32,811
Restricted	224,648	115,002	731,085	1,599,194	2,669,929	-	4,896,011
Committed	-	-	-	-	-	443,280	1,593,120
Unassigned	-	-	-	-	-	-	(1,486,576)
Total fund balances (deficits)	224,648	115,002	731,085	1,599,194	2,669,929	443,280	5,035,366
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 224,648	\$ 115,002	\$ 731,085	\$ 1,599,194	\$ 2,669,929	\$ 443,280	\$ 8,592,876

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Revenues:							
Intergovernmental	\$ 1,875,655	\$ 803,281	\$ 3,436,355	\$ -	\$ -	\$ -	\$ -
Departmental revenue	1,640,192	-	-	24,343	7,142	401,725	-
Licenses and permits	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other	-	1,085	288,062	-	53,332	-	-
Total revenue	3,515,847	804,366	3,724,417	24,343	60,474	401,725	-
Expenditures:							
Current:							
Education	3,454,987	-	3,765,411	-	-	481,103	-
Human development	-	-	-	-	56,620	-	-
Physical development	-	850,086	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	3,454,987	850,086	3,765,411	-	56,620	481,103	-
Excess (deficiency) of revenues over expenditures	60,860	(45,720)	(40,994)	24,343	3,854	(79,378)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances (deficits)	60,860	(45,720)	(40,994)	24,343	3,854	(79,378)	-
Fund balances (deficits), beginning of year	(415,596)	(51,357)	185,854	90,111	51,437	343,743	418,074
Fund balances (deficits), end of year	\$ (354,736)	\$ (97,077)	\$ 144,860	\$ 114,454	\$ 55,291	\$ 264,365	\$ 418,074

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue					
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Town Aid Road	Senior Citizens
Revenues:						
Intergovernmental	\$ -	\$ 1,433,668	\$ 212,356	\$ -	\$ 602,309	\$ -
Departmental revenue	-	-	-	277,861	-	69,956
Licenses and permits	474,527	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	474,527	1,433,668	212,356	277,861	602,309	69,956
Expenditures:						
Current:						
Education	-	-	-	-	-	-
Human development	266,410	1,668,861	-	-	-	63,395
Physical development	-	-	377,010	279,565	-	-
Public safety	-	-	-	-	-	-
Capital outlay	-	-	-	-	545,960	-
Total expenditures	266,410	1,668,861	377,010	279,565	545,960	63,395
Excess (deficiency) of revenues over expenditures	208,117	(235,193)	(164,654)	(1,704)	56,349	6,561
Other financing sources (uses):						
Transfers in	-	-	181,000	-	-	-
Transfers out	(250,000)	-	-	-	-	-
Total other financing sources (uses)	(250,000)	-	181,000	-	-	-
Net change in fund balances (deficits)	(41,883)	(235,193)	16,346	(1,704)	56,349	6,561
Fund balances (deficits), beginning of year	815,310	(766,759)	52,994	59,829	280,676	45,918
Fund balances (deficits), end of year	\$ 773,427	\$ (1,001,952)	\$ 69,340	\$ 58,125	\$ 337,025	\$ 52,479

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds						
	Police Special Services	Harbor Management	Recycling	Gas Pipeline	Sewer Maintenance	Reserve	Totals
Revenues:							
Intergovernmental	\$ -	\$ 35,987	\$ -	\$ -	\$ -	\$ -	\$ 8,399,611
Departmental revenue	-	43,642	-	-	-	101,572	2,566,433
Licenses and permits	-	-	-	-	-	-	474,527
Investment income	899	-	-	-	-	-	899
Other	175,437	-	-	-	24,047	-	541,963
Total revenue	176,336	79,629	-	-	24,047	101,572	11,983,433
Expenditures:							
Current:							
Education	-	-	-	-	-	-	7,701,501
Human development	-	-	-	-	-	96,580	2,151,866
Physical development	-	52,377	-	-	-	-	1,559,038
Public safety	202,406	-	-	-	-	-	202,406
Capital outlay	-	-	-	-	-	-	545,960
Total expenditures	202,406	52,377	-	-	-	96,580	12,160,771
Excess (deficiency) of revenues over expenditures	(26,070)	27,252	-	-	24,047	4,992	(177,338)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	181,000
Transfers out	-	-	-	-	-	-	(250,000)
Total other financing sources (uses)	-	-	-	-	-	-	(69,000)
Net change in fund balances (deficits)	(26,070)	27,252	-	-	24,047	4,992	(246,338)
Fund balances (deficits), beginning of year	412,971	161,150	13,117	156,100	11,529	303,394	2,168,495
Fund balances (deficits), end of year	\$ 386,901	\$ 188,402	\$ 13,117	\$ 156,100	\$ 35,576	\$ 308,386	\$ 1,922,157

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Permanent Funds					Debt Service	Total Nonmajor Governmental Funds
	Stratford High School	Bunnell High School	Stephen Boothe	David Boothe	Total	Debt Service Fund	
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,399,611
Departmental revenue	-	-	-	-	-	-	2,566,433
Licenses and permits	-	-	-	-	-	-	474,527
Investment income	96,742	8,675	79,202	180,616	365,235	-	366,134
Other	-	97,596	-	-	97,596	-	639,559
Total revenue	96,742	106,271	79,202	180,616	462,831	-	12,446,264
Expenditures:							
Current:							
Education	94,439	91,490	24,312	58,868	269,109	-	7,970,610
Human development	-	-	-	-	-	-	2,151,866
Physical development	-	-	-	-	-	-	1,559,038
Public safety	-	-	-	-	-	-	202,406
Capital outlay	-	-	-	-	-	-	545,960
Total expenditures	94,439	91,490	24,312	58,868	269,109	-	12,429,880
Excess (deficiency) of revenues over expenditures	2,303	14,781	54,890	121,748	193,722	-	16,384
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	181,000
Transfers out	-	-	-	-	-	(443,280)	(693,280)
Total other financing sources (uses)	-	-	-	-	-	(443,280)	(512,280)
Net change in fund balances (deficits)	2,303	14,781	54,890	121,748	193,722	(443,280)	(495,896)
Fund balances (deficits), beginning of year	222,345	100,221	676,195	1,477,446	2,476,207	886,560	5,531,262
Fund balances (deficits), end of year	\$ 224,648	\$ 115,002	\$ 731,085	\$ 1,599,194	\$ 2,669,929	\$ 443,280	\$ 5,035,366

Capital Projects Fund

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The Town reports one capital project fund with the following sub-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 sewer system
Water Hookup		Water main construction for Whipporwill Lane
Capital Equipment	General Fund	Equipment purchases

Town of Stratford, Connecticut

EXHIBIT C-1

Project Combining Balance Sheet
 Capital Projects Fund
 June 30, 2017

	Capital Improvements	Capital Special Projects	Sidewalk and Roads	Sewer Revolving	Water Hookup	Capital Equipment	Totals
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	-	1,542	969,295	8,761	-	979,598
Due from other funds	34,970,679	12,605,621	-	1,220,609	-	-	48,796,909
Total assets	\$ 34,970,679	\$ 12,605,621	\$ 1,542	\$ 2,189,904	\$ 8,761	\$ -	\$ 49,776,507
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ 2,799,249	\$ -	\$ -	\$ -	\$ 51,687	\$ 2,850,936
Bond anticipation notes	-	25,000,000	-	-	-	-	25,000,000
Due to other funds	-	-	16,416	-	107,376	2,533,761	2,657,553
Total liabilities	-	27,799,249	16,416	-	107,376	2,585,448	30,508,489
Deferred inflows of resources:							
Unavailable resources	-	-	1,542	969,295	8,761	-	979,598
Fund balances:							
Restricted	34,970,679	(15,193,628)	(16,416)	1,220,609	(107,376)	(2,585,448)	18,288,420
Total liabilities and fund balances	\$ 34,970,679	\$ 12,605,621	\$ 1,542	\$ 2,189,904	\$ 8,761	\$ -	\$ 49,776,507

Project Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund
For the Year Ended June 30, 2017

	Capital Improvements	Capital Special Projects	Sidewalk and Roads	Sewer Revolving	Water Hookup	Capital Equipment	Totals
Revenues:							
Property taxes and assessments	\$ -	\$ -	\$ 1,995	\$ 157,681	\$ 1,847	\$ -	\$ 161,523
Intergovernmental	-	3,841,380	-	-	-	-	3,841,380
Total revenues	-	3,841,380	1,995	157,681	1,847	-	4,002,903
Expenditures:							
Debt Service	278,116	-	-	-	-	-	278,116
Capital outlay	-	13,436,355	-	-	-	2,225,891	15,662,246
Total expenditures	278,116	13,436,355	-	-	-	2,225,891	15,940,362
Excess (deficiency) of revenues over expenditures	(278,116)	(9,594,975)	1,995	157,681	1,847	(2,225,891)	(11,937,459)
Other financing sources:							
Bond proceeds	-	22,656,172	-	-	-	2,603,828	25,260,000
Bond premium	306,569	-	-	-	-	-	306,569
Operating transfers in	-	1,040,939	-	-	-	200,000	1,240,939
Total other financing sources (uses)	306,569	23,697,111	-	-	-	2,803,828	26,807,508
Net change in fund balances (deficits)	28,453	14,102,136	1,995	157,681	1,847	577,937	14,870,049
Fund balances (deficits), beginning of year	34,942,226	(29,295,764)	(18,411)	1,062,928	(109,223)	(3,163,385)	3,418,371
Fund balances (deficits), end of year	\$ 34,970,679	\$ (15,193,628)	\$ (16,416)	\$ 1,220,609	\$ (107,376)	\$ (2,585,448)	\$ 18,288,420

Enterprise Funds

Enterprise Funds

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

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

Emergency Medical Services is used to account for the operations of ambulance services.

**Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2017**

	Short Beach Golf Course	Emergency Medical Services	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ 112,077	\$ 112,077
Receivables:			
Accounts and other	-	327,107	327,107
Total current assets	-	439,184	439,184
Capital assets:			
Assets being depreciated, net	176,719	2,381,776	2,558,495
Total capital assets	176,719	2,381,776	2,558,495
Total assets	\$ 176,719	\$ 2,820,960	\$ 2,997,679
Liabilities			
Current liabilities:			
Accounts payable	\$ 17,518	\$ 131,711	\$ 149,229
Unearned revenue	767	-	767
Due to other funds	-	750,569	750,569
Total current liabilities	18,285	882,280	900,565
Noncurrent liabilities:			
Advance from other funds	1,114,103	-	1,114,103
Bonds payable	-	1,247,000	1,247,000
Capital lease	31,677	131,662	163,339
Compensated absences	52,384	190,688	243,072
Total noncurrent liabilities	1,198,164	1,569,350	2,767,514
Total liabilities	1,216,449	2,451,630	3,668,079
Net position:			
Net Investment in capital assets	145,042	1,003,114	1,148,156
Unrestricted	(1,184,772)	(633,784)	(1,818,556)
Total net position	\$ (1,039,730)	\$ 369,330	\$ (670,400)

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2017

	Short Beach Golf Course	Emergency Medical Services	Total
Operating revenues:			
Charges for services	\$ 225,614	\$ 2,026,664	\$ 2,252,278
Total operating revenues	225,614	2,026,664	2,252,278
Operating expenses:			
Operating and maintenance	414,798	1,971,901	2,386,699
Depreciation	25,280	276,583	301,863
Total operating expenses	440,078	2,248,484	2,688,562
Operating loss	(214,464)	(221,820)	(436,284)
Nonoperating revenues (expenses):			
Interest expense	-	(49,623)	(49,623)
Total nonoperating revenues (expenses)	-	(49,623)	(49,623)
Net loss before transfers	(214,464)	(271,443)	(485,907)
Transfers out	-	(400,000)	(400,000)
Net transfers	-	(400,000)	(400,000)
Change in net position (deficit)	(214,464)	(671,443)	(885,907)
Fund net position (deficit), beginning	(825,266)	1,040,773	215,507
Fund net position (deficit), ending	\$ (1,039,730)	\$ 369,330	\$ (670,400)

**Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2017**

	Short Beach Golf Course	Emergency Medical Services	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 225,701	\$ 2,067,553	\$ 2,293,254
Cash payments to suppliers	(224,258)	(1,930,048)	(2,154,306)
Cash payments to employees	(193,250)	-	(193,250)
Payments for interfund services used	197,644	(3,910,574)	(3,712,930)
Net cash provided by (used in) operating activities	5,837	(3,773,069)	(3,767,232)
Cash flows from noncapital financing activities:			
Advance from other funds	-	-	-
Transfers to/from other funds	-	(400,000)	(400,000)
Net cash used in noncapital financing activities	-	(400,000)	(400,000)
Cash flows from capital and related financing activities:			
Proceeds from bonds	-	-	-
Principal refunded	-	-	-
Principal payments on debt	-	(104,135)	(104,135)
Principal payments on capital lease	(5,837)	(17,067)	(22,904)
Interest paid on debt	-	(49,623)	(49,623)
Disposal of capital assets	-	-	-
Purchase of capital assets	-	(154,819)	(154,819)
Net cash used in capital and related financing activities	(5,837)	(325,644)	(331,481)
Cash flows from investing activities:			
Interest revenues	-	-	-
Net cash provided by investing activities	-	-	-
Net decrease in cash and cash equivalents	-	(4,498,713)	(4,498,713)
Cash and cash equivalents, beginning	-	4,610,790	4,610,790
Cash and cash equivalents, ending	\$ -	\$ 112,077	\$ 112,077
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income (loss)	\$ (214,464)	\$ (221,820)	\$ (436,284)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	25,280	276,583	301,863
Loss (gains) on disposal of fixed assets	-	25,250	25,250
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable and deferred charges	-	40,889	40,889
(Increase) decrease in due from other funds	-	-	-
Increase (decrease) in accounts payable and accrued expenses	(2,710)	16,603	13,893
Increase in unearned revenues	87	-	87
Increase (decrease) in due to other funds	197,644	(3,910,574)	(3,712,930)
Net cash provided by (used in) operating activities	\$ 5,837	\$ (3,773,069)	\$ (3,767,232)
Supplemental schedule of noncash financing activities:			
Amortization of gain on refunded debt	\$ -	\$ 29,425	\$ 29,425
Amortization of premium on refunded debt	\$ -	\$ 30,560	\$ 30,560

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Internal Service Funds

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost-reimbursement basis.

Health Benefit and Workers' Compensation Fund – to provide reserves necessary to support an insurance program for health benefits and workers' compensation claims.

Combining Statement of Net Position (Deficit)
Internal Service Funds
June 30, 2017

	Health Benefit	Workers' Compensation	Total
Assets			
Cash and cash equivalents	\$ -	\$ 80,000	\$ 80,000
Due from other funds	2,057,679	5,466,863	7,524,542
Total assets	\$ 2,057,679	\$ 5,546,863	\$ 7,604,542
Liabilities and Net Position (Deficit)			
Current liabilities:			
Accounts payable	\$ -	\$ 5,589	\$ 5,589
Risk management claims	737,000	-	737,000
Total liabilities	737,000	5,589	742,589
Noncurrent liabilities:			
Risk management claims	-	12,992,157	12,992,157
Net position:			
Unrestricted (deficit)	1,320,679	(7,450,883)	(6,130,204)
Total net position (deficit)	\$ 1,320,679	\$ (7,450,883)	\$ (6,130,204)

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)

Internal Service Funds

For the Year Ended June 30, 2017

	Health Benefit	Workers' Compensation	Total
Operating revenues:			
Charges for services	\$ 3,635,132	\$ 2,635,481	\$ 6,270,613
Operating expenses:			
Operating and maintenance	4,326,732	3,894,443	8,221,175
Operating loss	(691,600)	(1,258,962)	(1,950,562)
Change in net position (deficit)	(691,600)	(1,258,962)	(1,950,562)
Fund net position (deficit), beginning	2,012,279	(6,191,921)	(4,179,642)
Fund net position (deficit), ending	\$ 1,320,679	\$ (7,450,883)	\$ (6,130,204)

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Health Benefit	Workers' Compensation	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 4,003,632	\$ 2,635,482	\$ 6,639,114
Cash payments to suppliers	(4,328,438)	(3,007,579)	(7,336,017)
Payments for interfund services used	324,806	372,097	696,903
Net cash used in operating activities	-	-	-
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning	-	80,000	80,000
Cash and cash equivalents, ending	\$ -	\$ 80,000	\$ 80,000
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (691,600)	\$ (1,258,962)	\$ (1,950,562)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in due from other funds	315,806	372,097	687,903
Decrease (increase) in receivables	368,500	-	368,500
Increase (decrease) in accounts payable	(1,706)	(7,968)	(9,674)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in risk management claim liability	9,000	894,833	903,833
Net cash used in operating activities	\$ -	\$ -	\$ -

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Fiduciary Funds

Fiduciary Funds

Agency Funds

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

Senior Taxpayer Escrow – established to account for senior citizen tax payments.

Planning & Zoning Performance Bonds – established to account for planning & zoning performance bonds.

Inland/Wetland Performance Bonds – established to account for inland/wetland performance bonds.

Teacher's Retiree Fund – established to offset medical expenses of the Stratford Board of Education's retiree population

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 342,276	\$ 1,122,061	\$ 1,093,279	\$ 371,058
Liabilities				
Due to student groups	\$ 342,276	\$ 1,122,061	\$ 1,093,279	\$ 371,058
Senior Taxpayer Escrow				
Assets				
Cash and cash equivalents	\$ 20,528	\$ 44,749	\$ 43,250	\$ 22,027
Liabilities				
Payable to others	\$ 20,528	\$ 44,749	\$ 43,250	\$ 22,027
Planning & Zoning Performance Bonds				
Assets				
Cash and cash equivalents	\$ 393,518	\$ 695	\$ 4,000	\$ 390,213
Liabilities				
Payable to others	\$ 393,518	\$ 695	\$ 4,000	\$ 390,213
Inland/Wetland Performance Bonds				
Assets				
Cash and cash equivalents	\$ 203,803	\$ 27,262	\$ -	\$ 231,065
Liabilities				
Payable to others	\$ 203,803	\$ 27,262	\$ -	\$ 231,065
Teacher's Retiree Fund				
Assets				
Cash and cash equivalents	\$ 218,537	\$ 1,732,565	\$ 1,714,899	\$ 236,203
Liabilities				
Payable to others	\$ 218,537	\$ 1,732,565	\$ 1,714,899	\$ 236,203
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,178,662	\$ 2,927,332	\$ 2,855,428	\$ 1,250,566
Liabilities				
Due to student groups	\$ 342,276	\$ 1,122,061	\$ 1,093,279	\$ 371,058
Payable to others	836,386	1,805,271	1,762,149	879,508
	<u>\$ 1,178,662</u>	<u>\$ 2,927,332</u>	<u>\$ 2,855,428</u>	<u>\$ 1,250,566</u>

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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

TABLE 1

Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year (\$ in 000's)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 85,697	\$ 81,259	\$ 78,329	\$ 82,429	\$ 58,172	\$ 57,747	\$ 49,667	\$ 46,587	\$ 45,101	\$ 51,011
Restricted	2,670	2,476	2,709	2,793	2,527	2,407	2,543	2,279	2,187	2,611
Unrestricted	(314,761)	(293,903)	(271,442)	(69,279)	(37,138)	(47,371)	(46,500)	(36,777)	(20,284)	(35,633)
Total governmental activities net position (deficit)	\$ (226,394)	\$ (210,168)	\$ (190,404)	\$ 15,943	\$ 23,561	\$ 12,783	\$ 5,710	\$ 12,089	\$ 27,004	\$ 17,989
Business-type activities:										
Net investment in capital assets	\$ 14,787	\$ 15,720	\$ 14,577	\$ 18,134	\$ 19,149	\$ 19,806	\$ 20,691	\$ 21,674	\$ 26,998	\$ 29,187
Unrestricted	5,388	5,746	7,676	6,094	6,710	6,615	8,475	12,145	9,200	6,419
Total business-type activities net position	\$ 20,175	\$ 21,466	\$ 22,253	\$ 24,228	\$ 25,859	\$ 26,421	\$ 29,166	\$ 33,819	\$ 36,198	\$ 35,606
Total primary government:										
Net investment in capital assets	\$ 100,484	\$ 96,979	\$ 92,906	\$ 100,563	\$ 77,321	\$ 77,553	\$ 70,358	\$ 68,261	\$ 72,099	\$ 80,198
Restricted	2,670	2,476	2,709	2,793	2,527	2,407	2,543	2,279	2,187	2,611
Unrestricted	(309,373)	(288,156)	(263,765)	(63,185)	(30,428)	(40,756)	(38,025)	(24,632)	(11,084)	(29,214)
Total net position (deficit)	\$ (206,219)	\$ (188,701)	\$ (168,150)	\$ 40,171	\$ 49,420	\$ 39,204	\$ 34,876	\$ 45,908	\$ 63,202	\$ 53,595

Town of Stratford, Connecticut

Changes In Net Position
Last Ten Fiscal Years
(In Thousands)
(Unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses:					
Governmental activities:					
General government	\$ (32,000)	\$ (31,845)	\$ (33,728)	\$ (30,840)	\$ (38,354)
Human development	(8,794)	(10,145)	(8,277)	(8,518)	(8,852)
Physical development	(23,659)	(22,908)	(20,537)	(15,320)	(18,900)
Public safety	(34,067)	(35,826)	(28,289)	(35,654)	(24,111)
Education	(148,968)	(136,979)	(129,334)	(127,895)	(115,002)
Debt service	(13,696)	(12,058)	(12,530)	(9,636)	(4,548)
Total governmental activities expenses	(261,184)	(249,761)	(232,695)	(227,863)	(209,767)
Business-type activities:					
Waste operating	(11,232)	(11,394)	(11,768)	(10,560)	(10,106)
Other	(2,738)	(2,874)	(2,451)	(2,324)	(2,225)
Total business-type activities expenses	(13,970)	(14,269)	(14,219)	(12,884)	(12,331)
Total primary government expenses	(275,154)	(264,030)	(246,914)	(240,747)	(222,098)
Program revenues:					
Governmental activities:					
Charges for services:					
General Government	2,774	2,267	2,264	2,238	1,997
Human development	1,354	3,440	3,709	3,907	3,811
Physical development	1,377	2,052	1,940	1,810	749
Public safety	2,002	1,023	1,468	1,412	1,512
Education	2,263	1,975	1,932	2,668	2,232
Operating grants and contributions:	51,984	45,266	43,875	42,140	41,710
Capital grants and contributions:	7,303	4,965	12,886	4,813	3,206
Total governmental activities program revenue	69,057	60,988	68,074	58,988	55,217
Business-type activities:					
Charges for services:	13,378	14,181	12,944	11,932	11,998
Capital grants and contributions	-	-	-	-	348
Total business-type activities program revenues	13,378	14,181	12,944	11,932	12,346
Total primary government program revenues	82,435	75,169	81,018	70,920	67,563

	Fiscal Year				
	2017	2016	2015	2014	2013
Net (Expense) Revenue					
Governmental activities	\$ (192,127)	\$ (188,773)	\$ (164,621)	\$ (168,875)	\$ (154,550)
Business-type activities	(592)	(87)	(1,275)	(951)	15
Total primary government net expense	(192,719)	(188,860)	(165,896)	(169,826)	(154,535)
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Property taxes	173,323	166,649	163,847	158,477	156,673
Grants and contributions not restricted to specific programs	1,389	1,593	1,550	1,750	6,152
Unrestricted investment earnings	489	67	159	349	209
Miscellaneous	-	-	-	-	1,695
Transfers	700	700	700	681	600
Total governmental activities	175,901	169,009	166,256	161,257	165,329
Business-type activities:					
Property transfer	-	-	-	-	-
Unrestricted investment earnings	-	-	-	-	23
Grants and contributions not restricted	-	-	-	-	-
Transfers	(700)	(700)	(700)	(681)	(600)
Total business-type activities	(700)	(700)	(700)	(681)	(577)
Total primary government	175,201	168,309	165,556	160,576	164,752
Changes in Net Position					
Governmental activities	(16,226)	(19,764)	1,634	(7,618)	10,779
Business-type activities	(1,292)	(787)	(1,975)	(1,632)	(562)
Total primary government	\$ (17,518)	\$ (20,551)	\$ (341)	\$ (9,250)	\$ 10,217

(Continued)

Town of Stratford, Connecticut

Changes In Net Position (Continued)
 Last Ten Fiscal Years
 (In Thousands)
 (Unaudited)

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
General government	\$ (38,445)	\$ (38,499)	\$ (35,722)	\$ (27,808)	\$ (32,424)
Human development	(9,029)	(8,033)	(7,227)	(7,347)	(6,426)
Physical development	(15,466)	(15,099)	(15,466)	(16,734)	(15,742)
Public safety	(23,712)	(29,459)	(23,314)	(23,053)	(22,943)
Education	(114,759)	(115,686)	(113,161)	(111,307)	(123,854)
Debt service	(3,484)	(6,033)	(7,470)	(7,242)	(7,588)
Total governmental activities expenses	(204,895)	(212,809)	(202,360)	(193,491)	(208,977)
Business-type activities:					
Waste operating	(9,654)	(11,685)	(9,864)	(8,490)	(5,624)
Other	(1,745)	(1,739)	(1,559)	(1,590)	(1,449)
Total business-type activities expenses	(11,399)	(13,424)	(11,423)	(10,080)	(7,073)
Total primary government expenses	(216,294)	(226,233)	(213,783)	(203,571)	(216,050)
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	2,201	1,652	1,239	1,010	1,646
Human development	3,844	4,132	4,087	2,783	4,376
Physical development	619	876	936	1,148	448
Public safety	1,462	1,422	1,262	1,117	2,072
Education	2,294	2,135	2,251	1,929	2,208
Operating grants and contributions:	43,581	40,374	38,694	39,737	61,968
Capital grants and contributions:	-	146	226	100	109
Total governmental activities program revenue	54,001	50,737	48,695	47,824	72,827
Business-type activities:					
Charges for services:	9,215	8,890	8,277	8,268	8,182
Capital grants and contributions	13	518	1,285	2,741	7,031
Total business-type activities program revenues	9,228	9,408	9,562	11,009	15,213
Total primary government program revenues	63,229	60,145	58,257	58,833	88,040

TABLE 2

	Fiscal Year				
	2012	2011	2010	2009	2008
Net (Expense) Revenue					
Governmental activities	\$ (150,894)	\$ (162,072)	\$ (153,665)	\$ (145,667)	\$ (136,150)
Business-type activities	(2,171)	(4,016)	(1,861)	929	8,140
Total primary government net expense	(153,065)	(166,088)	(155,526)	(144,738)	(128,010)
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Property taxes	152,523	150,503	143,292	139,086	135,680
Grants and contributions not restricted to specific programs	3,948	3,986	4,209	4,203	4,269
Unrestricted investment earnings	1	453	619	830	1,311
Miscellaneous	894	72	29	-	-
Transfers	600	680	602	562	553
Total governmental activities	157,966	155,694	148,751	144,681	141,813
Business-type activities:					
Property transfer	-	-	-	-	-
Unrestricted investment earnings	27	42	85	225	277
Grants and contributions not restricted	-	-	-	-	-
Transfers	(600)	(680)	(602)	(562)	(553)
Total business-type activities	(573)	(638)	(517)	(337)	(276)
Total primary government	157,393	155,056	148,234	144,344	141,537
Changes in Net Position					
Governmental activities	7,072	(6,378)	(4,914)	(986)	5,663
Business-type activities	(2,744)	(4,654)	(2,378)	592	7,864
Total primary government	\$ 4,328	\$ (11,032)	\$ (7,292)	\$ (394)	\$ 13,527

Town of Stratford, Connecticut

TABLE 3

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,894	\$ 2,363	\$ 3,469
Unreserved	-	-	-	-	-	-	-	6,604	8,438	8,220
Nonspendable	1,120	1,071	770	670	-	-	-	-	-	-
Restricted	-	-	116	116	-	-	-	-	-	-
Assigned	211	17	127	612	1,666	2,284	2,322	-	-	-
Unassigned	7,983	7,238	7,985	9,006	9,497	8,790	6,261	-	-	-
Total general fund	\$ 9,314	\$ 8,326	\$ 8,998	\$ 10,404	\$ 11,163	\$ 11,074	\$ 8,583	\$ 8,498	\$ 10,801	\$ 11,689
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24	\$ 24
Unreserved	-	-	-	-	-	-	-	23,026	19,292	17,650
Nonspendable	33	36	34	29	28	32	33	-	-	-
Restricted	23,184	3,154	3,356	3,344	3,011	2,784	2,777	-	-	-
Committed	1,593	7,030	23,275	8,953	20,612	18,045	24,116	-	-	-
Unassigned	(1,487)	(1,270)	(1,009)	(569)	(595)	(338)	(419)	-	-	-
Total all other governmental funds	\$ 23,324	\$ 8,950	\$ 25,656	\$ 11,757	\$ 23,056	\$ 20,523	\$ 26,507	\$ 23,050	\$ 19,316	\$ 17,674

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

Note: Fund balance classifications were modified beginning in fiscal year 2011 with the adoption of GASB Statement No. 54.

**Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)
(Unaudited)**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes and assessments	\$ 174,282	\$ 165,013	\$ 163,967	\$ 158,063	\$ 154,248	\$ 153,069	\$ 150,408	\$ 140,553	\$ 139,446	\$ 135,778
Intergovernmental	61,476	51,818	57,375	49,273	50,978	47,876	45,050	43,636	42,929	69,422
Department revenue	6,320	5,642	5,320	5,445	4,935	5,028	4,949	5,154	4,564	5,445
Licenses and permits	1,161	1,309	1,215	1,076	961	760	831	653	685	755
Investment income	489	67	159	349	209	1	454	351	830	1,310
Other	2,510	4,600	5,443	5,513	5,842	5,661	4,543	4,265	4,694	4,452
Total revenues	246,238	228,449	233,479	219,719	217,173	212,395	206,235	194,612	193,148	217,162
Expenditures:										
Administration	4,979	4,591	4,821	4,247	4,115	4,421	4,354	4,534	4,369	4,207
Contingency	2,642	3,688	4,013	4,203	2,853	3,031	2,087	2,256	2,137	2,545
Employee benefits	20,423	19,573	21,433	181,535	27,030	26,010	25,324	21,169	19,096	18,522
Finance	2,194	2,120	2,075	2,219	1,956	2,115	2,015	1,890	1,969	1,825
Human development	8,055	8,828	7,427	7,375	8,087	8,554	7,762	7,032	7,082	6,184
Physical development	12,811	13,351	13,891	14,228	16,260	13,222	13,422	13,644	15,337	14,557
Public safety	25,817	25,428	23,936	23,789	23,630	22,487	22,389	21,673	22,025	22,001
Education	133,878	120,859	118,380	115,647	112,560	110,889	107,915	104,512	102,140	122,241
Capital outlay	16,208	17,124	32,595	20,305	23,392	19,134	11,143	8,056	8,800	6,421
Debt service:										
Principal retirement	14,701	12,955	13,004	16,672	14,275	13,683	12,336	12,131	11,276	14,506
Interest and other charges	18,398	18,425	18,327	5,812	4,828	3,614	7,013	7,452	7,455	7,569
Total expenditures	260,106	246,942	259,902	396,032	238,986	227,160	215,760	204,349	201,686	220,578
Excess of revenue over (under) expenditures	(13,868)	(18,493)	(26,423)	(176,313)	(21,813)	(14,765)	(9,525)	(9,737)	(8,538)	(3,416)
Other financing sources (uses):										
Transfers in	4,715	6,533	4,982	6,482	2,580	2,091	2,402	2,587	2,790	1,958
Transfers out	(4,015)	(5,833)	(4,282)	(5,801)	(1,980)	(1,491)	(1,722)	(1,985)	(2,229)	(1,405)
Proceeds from capital leases	-	414	1,263	253	2,097	2,300	-	-	-	-
Payments to escrow agents	-	-	(9,995)	(18,139)	-	(19,325)	(66,088)	(22,906)	-	-
Proceeds from refunding bonds	-	-	8,945	16,418	-	18,062	65,572	21,825	-	-
Premiums on refunding	3,270	-	4,207	-	-	1,424	935	1,262	-	-
Bonds issued	25,260	-	33,795	163,137	21,475	8,212	11,700	10,385	8,730	10,795
Premiums on bonds	-	-	-	1,905	263	-	267	-	-	-
Total other financing sources (uses)	29,230	1,114	38,915	164,255	24,435	11,273	13,066	11,168	9,291	11,348
Net changes in fund balances	\$ 15,362	\$ (17,379)	\$ 12,492	\$ (12,058)	\$ 2,622	\$ (3,492)	\$ 3,541	\$ 1,431	\$ 753	\$ 7,932
Debt service as a percentage of noncapital expenditures	13.3%	13.4%	13.6%	6.0%	8.7%	9.0%	10.5%	11.1%	10.8%	11.5%

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**

Fiscal Year	Grand List Year	Real Property				Motor Vehicle	Vacant Land	FYI [Exemptions*]	Total Taxable Assessed Value
		Residential	Commercial	Personal Property					
2017	2015	\$ 3,416,830,810	\$ 852,056,190	\$ 471,695,576	\$ 336,333,270	\$ 67,718,570	\$ 665,643,720	\$ 4,478,990,696	
2016	2014	2,971,201,570	844,890,450	469,248,532	329,035,740	71,197,880	242,736,347	4,442,837,825	
2015	2013	3,166,610,661	770,298,898	470,025,485	322,740,590	69,325,260	240,770,110	4,558,230,784	
2014	2012	3,596,965,670	768,877,270	459,170,270	314,680,673	68,079,820	676,320,015	4,531,453,688	
2013	2011	3,581,639,410	777,220,780	453,255,181	320,711,877	65,140,265	672,951,970	4,525,015,543	
2012	2010	3,570,829,400	785,349,560	441,827,463	301,629,984	68,917,280	655,421,799	4,513,131,888	
2011	2009	3,556,241,420	823,073,260	437,012,137	291,330,813	71,772,455	617,750,252	4,561,679,833	
2010	2008	3,703,369,750	686,179,150	387,991,848	292,972,012	56,160,560	500,062,834	4,626,610,486	
2009	2007	3,677,306,412	677,498,179	324,965,038	301,530,992	58,273,060	463,854,444	4,575,719,237	
2008	2006	3,651,929,210	628,681,490	296,714,314	294,560,508	89,108,960	433,404,716	4,527,589,766	

Source: Town of Stratford, Office of Tax Assessor

Notes: (1) Totals as certified by Tax Assessor at signing of Grand List prior to adjustments.

(2) Exemptions total includes exempt real property and all other classes of exemptions.

TABLE 5

Total Direct Tax Rate	Estimated Actual Taxable Assessed Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
38.99	\$ 5,144,634,416	87%
36.98	4,685,574,172	95%
35.63	4,799,000,894	95%
34.64	5,207,773,703	87%
34.48	5,197,967,513	87%
34.15	5,168,553,687	87%
33.32	5,179,430,085	88%
30.36	5,126,673,320	90%
30.51	5,039,573,681	91%
30.12	4,960,994,482	91%

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Grand List Year (1)	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years(2)	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2015	\$ 172,755,443	\$ 168,761,349	97.69%	\$ 3,006,859	\$ 171,768,208	99.43%
2016	2014	164,272,933	160,243,285	97.55%	3,183,122	163,426,407	99.48%
2015	2013	162,727,443	158,559,699	97.44%	2,270,908	160,830,607	98.83%
2014	2012	156,748,314	152,760,084	97.46%	2,290,831	155,050,915	98.92%
2013	2011	155,392,622	151,858,937	97.73%	2,791,583	154,650,520	99.52%
2012	2010	152,921,577	150,227,449	98.24%	2,467,439	152,694,888	99.85%
2011	2009	150,248,842	146,798,179	97.70%	3,290,284	150,088,463	99.89%
2010	2008	139,908,592	136,920,401	97.86%	2,921,812	139,842,213	99.95%
2009	2007	137,961,016	135,494,537	98.21%	2,448,606	137,943,143	99.99%
2008	2006	134,121,083	131,726,602	98.21%	2,325,809	134,052,411	99.95%

Source: Town of Stratford Tax Records

Notes: (1) Taxes are collectible in the year after they are levied.

(2) Adjusted for lawful corrections and transfers to suspense.

Town of Stratford, Connecticut

TABLE 7

Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	FY2017			<u>Taxpayer</u>	FY2008		
	Taxable Assessed Value * (\$000's)	Rank	Percentage of Total Town Taxable Assessed Value		Taxable Assessed Value * (\$000's)	Rank	Percentage of Total Town Taxable Assessed Value
United Illuminating	\$ 93,654	1	2.09%	United Illuminating	\$ 12,180	10	0.27%
Sikorsky Aircraft	73,025	2	1.64%	Sikorsky Aircraft	168,335	1	3.72%
Southern Connecticut Gas	25,759	3	0.59%	Southern Connecticut Gas	16,448	7	0.36%
Second Avenue Development LLC	21,192	4	0.48%				
Lockheed Martin	21,095	5	0.48%				
Stonybrook Gardens Cooperative	19,100	6	0.44%	Stonybrook Gardens Inc.	19,110	3	0.42%
UB Dockside LLC (Urstadt Biddle Prop)	17,097	7	0.39%				
Avalon at Stratford LLC	16,277	8	0.37%				
Kramont Operating Partnership	15,498	9	0.36%	Kramont Operating Partnersl	16,520	6	0.36%
UB Railside LLC (Urstadt Biddle Prop)	13,724	10	0.32%				
				Dock Incorporated	22,369	2	0.49%
				Home Depot	16,922	4	0.37%
				Walmart	16,730	5	0.37%
				Exxon Mobil Oil Corp.	15,164	8	0.33%
				Merritt 8 Acquisitions, LLC	12,409	9	0.27%
TOTAL	\$ 316,421		7.16%	TOTAL	\$ 316,187		6.96%

Source: Town of Stratford, Office of Tax Assessor

* Net taxable assessed value

TABLE 8

Town of Stratford, Connecticut

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	Governmental		Business-Type			Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita	Total Debt Outstanding as a Percentage of Personal Income
	General Obligation Bonds (1)	Leases	Operating	Notes	Leases				
2017	\$ 293,473	\$ 1,831	\$ 1,646	\$ 31,274	\$ 197	\$ 328,420	7.33 %	\$ 6	19.3%
2016	285,472	2,260	1,810	33,510	221	323,273	6.90	5	17.7%
2015	305,060	2,418	1,948	35,702	46	345,174	6.20	5	19.1%
2014	287,215	1,214	2,086	37,983	51	328,549	6.20	6	18.9%
2013	138,865	1,841	2,159	40,431	-	183,296	4.05	3	10.6%
2012	131,846	2,300	2,038	42,682	-	178,866	4.74	3	10.8%
2011	136,829	-	2,069	44,976	-	183,874	4.01	3	11.1%
2010	134,394	-	2,182	2,756	-	139,332	3.01	3	10.5%
2009	136,817	3	2,276	3,095	-	142,191	3.11	3	10.5%
2008	139,373	13	2,370	3,427	-	145,183	3.19	3	10.8%

(1) Presented net of related premiums

Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

None

TABLE 10

Town of Stratford, Connecticut

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year Ended June 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
2017	\$ 293,473	\$ 443	\$ 293,030	- %	\$ 6
2016	285,472	887	284,585	6.10	5
2015	305,060	1,387	303,673	5.87	5
2014	287,215	3,887	283,328	6.22	5
2013	138,865	-	138,865	3.11	3
2012	131,846	-	131,846	2.92	3
2011	136,829	-	136,829	3.02	3
2010	134,394	-	134,394	2.95	3
2009	136,817	-	136,817	3.04	3
2008	139,373	-	139,373	3.13	3

(1) Presented net of related premiums

Computation of Legal Debt Limitation
June 30, 2017
(In Thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2017					\$ 173,424,355
Reimbursement for revenue loss on:					
Tax relief for elderly					2,800
BASE					<u><u>\$ 173,427,155</u></u>
	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt limitation:					
2-1/4 times base	\$ 390,211,099	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	780,422,198	-	-	-
3-3/4 times base	-	-	650,351,831	-	-
3-1/4 times base	-	-	-	563,638,254	-
3 times base	-	-	-	-	520,281,465
Total debt limitation	<u>390,211,099</u>	<u>780,422,198</u>	<u>650,351,831</u>	<u>563,638,254</u>	<u>520,281,465</u>
Indebtedness:					
Bonds payable	83,444,754	50,042,158	399,120	-	150,990,000
Bonds authorized, unissued	1,527,724	103,613,792	1,327,141	-	-
BAN Payable	-	25,000,000	-	-	-
Clean Water Fund notes	-	-	31,273,973	-	-
Grant commitments	-	(72,650,008)	-	-	-
Total indebtedness	<u>84,972,478</u>	<u>106,005,942</u>	<u>33,000,234</u>	<u>-</u>	<u>150,990,000</u>
Debt Limitation in Excess of Outstanding and Authorized Indebtedness	<u>\$ 305,238,621</u>	<u>\$ 674,416,256</u>	<u>\$ 617,351,597</u>	<u>\$ 563,638,254</u>	<u>\$ 369,291,465</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,214 million).

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

TABLE 12

Town of Stratford, Connecticut

**Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)**

	Fiscal Year									
	2016	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limitation	\$ 1,213,990	\$ 1,154,855	\$ 1,144,289	\$ 1,098,867	\$ 1,077,251	\$ 1,074,213	\$ 1,049,881	\$ 980,203	\$ 970,067	\$ 939,939
Total net debt applicable to limit	374,969	458,836	407,698	430,861	257,927	253,557	260,439	203,804	189,096	142,126
Legal Debt Margin	<u>\$ 839,021</u>	<u>\$ 696,019</u>	<u>\$ 736,591</u>	<u>\$ 668,006</u>	<u>\$ 819,324</u>	<u>\$ 820,656</u>	<u>\$ 789,442</u>	<u>\$ 776,399</u>	<u>\$ 780,971</u>	<u>\$ 797,813</u>
Total net debt applicable to the limit as a percentage of debt limit	30.89%	39.73%	35.63%	39.21%	23.94%	23.60%	24.81%	20.79%	19.49%	15.12%

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

Note: See Table 9 for calculation of current year debt limitation.

**Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population(1)	Per Capita Income(2)	Median Age(3)	School Enrollment(4)	Unemployment Rate(5)	Personal Income
2017	52,715	\$ 32,357	42.0	7,045	5.6%	\$ 1,705,699,255
2016	52,609	34,775	43.0	7,016	6.4%	1,829,477,975
2015	52,734	34,215	42.5	6,997	6.3%	1,804,293,810
2014	51,384	33,805	42.5	7,198	6.4%	1,737,036,120
2013	51,384	33,716	42.2	7,411	8.7%	1,732,462,944
2012	51,384	32,357	41.1	7,407	10.5%	1,662,632,088
2011	51,384	32,357	41.1	7,234	7.4%	1,662,632,088
2010	48,952	27,000	40.3	7,435	9.4%	1,321,704,000
2009	49,976	27,000	40.3	7,496	7.9%	1,349,352,000
2008	49,976	27,000	40.3	7,534	5.5%	1,349,352,000

(1) Source: U.S. Census Bureau

(2) Source: U.S. Census Bureau

(3) Source: U.S. Census Bureau

(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

TABLE 14

Principal Employers
2017 and 2008
(Unaudited)

Business Name	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sikorsky Aircraft	Manufacturer of Helicopters	6,153	1	23.43%	8,300	1	33.48%
Town of Stratford	Government/Education	1,327	2	5.05%	1,400	2	5.65%
United Parcel Service	Package Delivery	521	3	1.98%	415	5	1.67%
Lord Chamberlain	Skilled Nursing Facility	415	4	1.58%	360	7	1.45%
Ashcroft Holdings	Manufacturer of Gauges, Valves	399	5	1.52%	475	4	1.92%
Cablevision	Cable Television, Internet, Telecom.	300	6	1.14%	300	8	1.21%
Connecticut Distributor	Liquor Distributors	286	7	1.09%	238	14	0.96%
Aptar	Manufacturer Pump Atomizers	271	8	1.03%	NA	NA	NA
Yale New Haven Technology Center	Electronic Storage	235	9	0.89%	NA	NA	NA
ShopRite	Retail Grocery Products	225	10	0.86%	NA	NA	NA
Bridgeport Fittings	Manufacturer of Electrical Fittings	203	11	0.77%	258	11	1.04%
Burns Construction	Construction	199	12	0.76%	NA	NA	N/A
William B. Myers	Moving, Storage & Rigging	172	13	0.65%	NA	NA	N/A
Stop & Shop	Retail Grocery Products	165	14	0.63%	194	15	0.78%
Stratford Retailer Condo Assoc.	Retail Chains	NA	NA	N/A	569	3	2.30%
Dianon Systems	Lab Testing	NA	NA	N/A	385	6	1.55%
Walmart	Consumer Goods	NA	NA	N/A	280	9	1.13%
Applied Tech Products	Health and Beauty Care	NA	NA	N/A	267	10	1.08%
EMSAR	Manufacturer Pump Atomizers	NA	NA	N/A	253	12	1.02%
AT&T	Telecommunications	NA	NA	N/A	250	13	1.01%
Total		<u>10,871</u>		<u>41.39%</u>	<u>13,944</u>		<u>56.25%</u>
Total Employment		<u>26,262</u>			<u>24,790</u>		

Source: Town of Stratford, Office of Community Development
NA- Not Applicable

**Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	91	81	79	78	83	64	89	90	86	75
Police	106	104	113	111	106	117	116	116	108	111
Fire	111	107	111	109	117	111	100	100	104	111
Refuse collection	28	29	31	29	28	29	32	32	31	33
Other public works	77	76	76	74	67	76	64	64	65	76
Parks	24	22	22	23	16	21	24	26	23	25
Recreation	4	4	4	5	3	6	7	7	7	7
Total Non-Education	441	423	436	429	420	424	432	435	424	438
Education	886	882	891	891	890	864	847	844	843	864
Total Including Education	1,327	1,305	1,327	1,320	1,310	1,288	1,279	1,279	1,267	1,302

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

Town of Stratford, Connecticut

TABLE 16

Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Building permits issued	745	687	739	736	749	709	669	649	634	690
Building inspections conducted	3,713	3,665	3,889	3,426	3,151	3,090	3,188	3,136	3,186	3,475
Police:										
Physical arrests	1,515	1,704	1,566	1,144	1,403	1,520	1,419	1,597	1,233	1,363
Parking violations	11,117	7,567	397	468	464	631	431	369	519	994
Traffic violations	1,802	1,558	1,386	1,767	2,158	2,595	2,969	4,009	4,259	3,611
Fire:										
Emergency responses	6,088	6,092	5,749	5,749	6,772	5,556	5,707	4,577	5,307	5,196
Fires extinguished	10	219	208	208	318	304	311	435	530	367
Inspections	1,586	2,180	1,941	1,941	1,992	1,747	1,216	665	1,200	1,111
Refuse collection:										
Refuse collected (tons per year)	22,103	20,522	21,571	21,961	23,100	24,035	24,636	26,747	25,657	27,073
Recyclables collected (tons per year)	3,332	3,297	3,232	3,196	3,126	3,173	3,365	3,487	3,718	4,047
Parks and recreation:										
Athletic field permits issued	9,000	7,987	8,801	9,304	9,570	9,379	10,192	8,851	8,781	9,437
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7,050	6,501	7,669	7,669	7,896	6,700	8,826	8,413	8,182	9,290

Source: Town of Stratford, Building/Engineering
Town of Stratford, Police Department
Town of Stratford, Fire Department
Town of Stratford, Public Works Department
Town of Stratford, Recreation Department
Town of Stratford, Library

Town of Stratford, Connecticut

TABLE 17

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (Number of Vehicles)	59	31	33	33	32	32	30	30	29	28
Fire stations	4	4	4	4	4	4	4	4	4	4
Refuse collection:										
Refuse collection trucks	4	4	4	4	4	4	4	4	4	4
Recycling collection trucks	3	3	3	3	3	3	3	3	3	3
Yard Waste Trucks	2	2	2	2	2	2	2	-	-	-
Parks and recreation:										
Acreage	795	795	795	795	795	795	795	795	795	774
Playgrounds	30	30	30	27	27	27	27	27	27	23
Baseball/softball diamonds	34	38	38	42	45	45	45	45	45	45
Soccer/football fields	14	14	14	13	13	13	13	13	13	13
Community centers	2	2	2	2	2	2	2	2	2	2
Wastewater:										
Sanitary sewers (miles)	191	170	200	200	200	200	200	200	200	200
Storm sewers (miles)	125	125	125	125	125	125	125	125	125	125
Treatment capacity (thousands of gallons)	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	11,500

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