

**Town of Stratford
Connecticut**



**Comprehensive
Annual Financial Report**

Fiscal Year Ended June 30, 2008

Comprehensive Annual Financial Report

of the

Town of Stratford Connecticut

Fiscal Year Ended June 30, 2008

Finance Department
John G. Norko
Director of Finance

TOWN OF STRATFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2008

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Introductory Section

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

James R. Miron, Mayor

TOWN COUNCIL

Michael F. Henrick, Council Chair
Michael A. Julian
Alvin O'Neal
Gavin B. Forrester, III
Emma Brooks
John M. Dempsey
Amy J. Wanamaker
William A. Stroomer
Thomas W. Moore
Joseph A. Kubic

BOARD OF EDUCATION

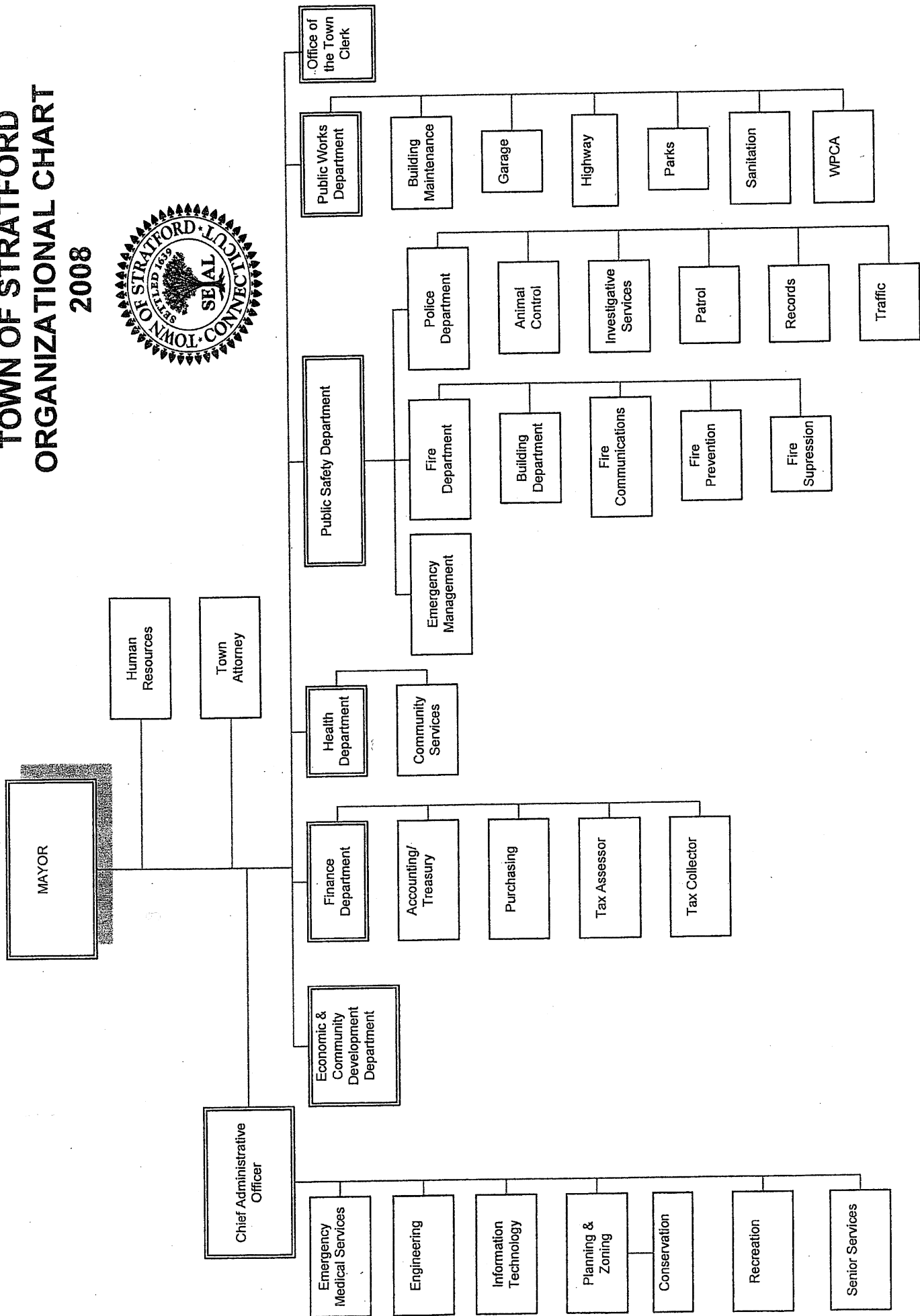
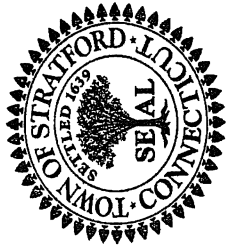
Co-Chair Susan F. Barksdale
Co-Chair Robert D. Cody
Vice Chair and Secretary Joseph Dimenno
Board Member Janice Anderson
Board Member Jean T. Collier
Board Member David R. Kennedy
Board Member David A. LoConte

Irene Cornish, Superintendent of Schools

ADMINISTRATION

Chief Administrative Officer Suzanne McCauley
Director of Finance John G. Norko
Town Clerk Susan Pawluk
Treasurer Bonnie Vail
Assessor Melinda Fonda
Tax Collector Deborah Heim
Town Attorney Richard J. Buturla

TOWN OF STRATFORD ORGANIZATIONAL CHART 2008



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, 2007

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



President

Executive Director

January 26, 2009

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

Connecticut law requires that all general-purpose local governments annually publish a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2008.

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

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Town of Stratford, Connecticut’s financial statements for the year ended June 30, 2008. 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 (the “State of Connecticut” or the “State”). Located thirteen miles west of New Haven and adjacent to Bridgeport to the west, Milford to the east, Long Island Sound to the south and Shelton to the north, the Town is located 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 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 approximately 7,500 students. There are several vocational training facilities, colleges and universities in close proximity to Stratford which offer a variety of educational programs.

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

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

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

Town Local Economy

The Town of Stratford has enjoyed an unprecedented level of economic development and investment in the community since 2001. The Town continues to draw owners of all types of businesses from medical, personal, and household services to office, retail, wholesale and dining establishments. In calendar year 2007, a total of \$23,696,096 of commercial, industrial, retail and office building permits were issued. This was the highest amount issued in the past seven years.

By continuing to attract new businesses to the community, Stratford accounted for over 530,000 square feet of new leases being signed in 2007 with the following breakdown:

Office	32,544
Retail	278,500
Industrial	185,940
Commercial	35,254

In the private sector, major new owner-occupied and local investment construction projects that began in 2007 were completed on time including a 22,000 sq. ft. building at 895 Woodend Road for Savoy Linen and a 32,400 sq. ft. building at 305 Hathaway Drive which is tenanted by Porter and Chester Institute and Bounce U. An additional 118,000 sq. ft. building was constructed at 650 Long Beach Boulevard for Stratford Land Development, as well as the 118,000 sq. ft. North Town Shopping Center at 335 Hawley Lane, and 107,000 square feet at 955 Ferry Boulevard in the Dock Shopping Center, which was renovated for BJ's Wholesale Club.

Investors continue to find property affordable in Stratford compared to other lower Fairfield County communities. The Town's affordable tax levy helps businesses stretch their tax dollars and new businesses are attracted to Stratford because it is a financially stable community. Property transfers of commercial, industrial, retail and office buildings closed 2007 at \$49,481,039 and accounted for 430,995 sq. ft. In 2007, the residential market place had 549 single-family homes sold with an average sales price of \$318,370 and market exposure for an average of 88 days. * In 2006, a total of 626 single-family homes sold at an average selling price of \$321,211 and were on the market for 83 days.

Since January 2006, the Economic Development Office has seen the volume and variety of business in the Town of Stratford grow significantly. The driving force for economic development in 2008 has been the creation and maintenance of a community in which people want to invest. The Town of Stratford welcomed major retail shopping venues in 2008 with the opening of BJ's Wholesale Club at the Dock Shopping Center and the fifty-sixth, family-owned, Big Y supermarket as anchor store for the newly completed North Town Shopping Center. Local business expansion included Encon Heating and Air Conditioning moving into their 32,700 sq. ft. newly constructed facility, and Porter and Chester Institute expanding its presence in Stratford. Aurora Products has grown from leasing 12,000 sq. ft. in Stratford in 2005 to leasing 70,000 sq. ft. in 2008.

Aurora Products is now one of the top 10 employers in the Town with 150 employees.

Volo Aviation, LLC broke ground on its \$27,000,000 project at Sikorsky Memorial Airport in October 2008. This new project will reshape the aviation business in the region and state. A three-phase infrastructure improvement is planned for Sikorsky Memorial Airport to include construction of a new three-story office building, a world-class business aviation terminal and two new aircraft hangars to complete the 135,000 total sq. ft. project.

There were many other notable business commitments made to the Town of Stratford in 2008. National hotel chain Comfort Suites completed construction of their 82-suite facility. La Spaziale, the world's third largest manufacturer of espresso coffee machines from Bologna, Italy, purchased the former French's Bakery on Soundview Avenue and are in the process of constructing of a 10,000 sq. ft. warehouse. This new distribution facility will house their North American Headquarters in Stratford. Ash Creek Enterprises, an information technology firm completed their relocation from Fairfield, Connecticut, by purchasing and renovating an existing facility in Stratford. Chase Equipment Corporation of New Milford opened its second Connecticut location. The new facility is located at 255 Moffitt Street. Chase Equipment distributes, maintains and repairs forklifts. This new location will service Fairfield, New Haven and Hartford Counties.

Leasing activity for the first six months of the 2008 totaled 280,237 sq. ft. and had the following breakdown:

Office	4,250
Retail	96,864
Commercial	22,889
Industrial	156,234

Property transfers continued to attract new investors and company relocations in the commercial market place from January 2008 through August 2008 with \$13,688,230 of sales accounting for 110,382 square feet of commercial, industrial, retail and office space.

New building permits for commercial, industrial, retail and office space through September 30, 2008 totaled \$6,240,590. Sikorsky Aircraft, a division of UTC Worldwide, continued to affirm its commitment to remaining and growing in Stratford by applying for over \$2,333,934 of building permits for expansion and renovations to their Main Street facility. Sikorsky is currently seeking two additional leasing opportunities in Stratford, one for 100,000 sq. ft. and the other for 50,000 sq. ft. respectively, to further strengthen their current position within the community.

The housing market of single-family homes sold in Town during the first six months of 2008 totaled 217 units at an average selling price of \$288,213 and an average market time of 102.5 days. *

The Town of Stratford continues to be a vibrant community attracting new financial services and banking sectors partners. In 2008, Stratford welcomed additional commercial banking partners to the community with the addition of the new bank branches for New Alliance Bank and Patriot Bank. Hudson Valley Bank recently opened a commercial lending office in Stratford based on expected business relocations and expansions in the local business community.

The Stratford Army Engine plant, which is owned by the United States Army, represents a 78-acre landmark redevelopment opportunity for the Town. The bidding process of the former Stratford Army Engine Plant commenced on November 16, 2007 and ended March 2008 with a successful bid of \$9,612,000. The successful bidder, Hollywood East/DMG Area 51, plans to bring the film industry to Stratford which will transform this waterfront property. The Department of the Army is in the process of scheduling a closing date.

In FY2008 the Town authorized \$2.5 million in bonding for the Shakespeare Theatre complex. The renovation and operational improvements scheduled for the complex will bring modern theatrical production back to this historic building. The Town Council recently selected a user/operator to refurbish, renovate and operate the historic theater. The renovated theatre will be a catalyst for the local economy by energizing the historic district.

On November 4, 2008, the Town's electorate approved the sale of Long Beach West to U.S. Fish and Wildlife Services as a permanent protection for public access for one of Connecticut's most valuable coastal resources. The first phase of the agreement, which was executed on November 18, 2008, will provide for the timely removal of 45 cottages that are a significant liability for the Town. As a condition of the property transfer, U.S. Fish and Wildlife will pay the Town \$10MM by the time the sale is completed on December 31, 2013.

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

Recent Town Operations

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

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

For the fiscal year ended June 30, 2008, on a budgetary basis, general fund revenues totaled \$173,916,773 while expenditures totaled \$173,491,833. The result was a year-end operating surplus of \$424,940. The Town's General Fund Balance increased to \$11,689,121 on a GAAP basis.

During the fiscal year ended June 30, 2008, the Town collected 98.23% of its current tax levy. This represented the third consecutive year that the Town's collections have exceeded 98.2%, the highest collection rates in over twenty years. It is also the eleventh consecutive year the Town has exceeded 96.5%. During the past three fiscal years, taxes receivable has been reduced \$2,237,421 from \$6,627,534 to \$4,390,113. Fiscal Year 2008 total tax collections, including interest and liens fees, were \$135,440,785 or 100% of budget. The Town adopted a 98.25% current tax collection rate in the FY 2009 Operating Budget.

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

Policies and Practice

Cash Management

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

Debt

During fiscal year 2007-08, the Town continued to pay principal and interest payments on its Pension Obligation Bonds directly from the General Fund. The 1998 bonds were issued to offset the Town's unfunded pension liability.

The Town issued \$12,895,000 in general obligation bonds and \$4,245,000 in Bond Anticipation Notes during the 2007-08 fiscal year. In 2008 the Town Council authorized the issuance of \$11,687,000 in general obligation bonds for town facilities and equipment including an animal control facility, the Barnum Avenue Streetscape improvements, Fire apparatus, roads and sewers, parks and recreation and school improvement projects.

Risk Management

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

Pension and Other Post-Employment Benefits

The Town provides certain health care and life insurance benefits, in accordance with union contracts, to all employees who retire. Post-employment benefits for Board of Education employees also vary by bargaining unit. Benefits for retirees (including the Board of Education) have been funded by the Town on a "pay-as-you-go" basis. The Town also pays benefits under the Heart and Hypertension Act to retirees whose disabilities are claimed to be job related. The Town contracted with Milliman, Inc., Consultants and Actuaries to conduct a full retiree medical valuation for all Town Departments and the Board of Education as of June 30, 2007. The results of Milliman's actuarial valuation, which include an actuarial accrued liability of \$98,049,000, are shown in Note 11 to the Financial Statements in this report. The Town's FY 2009 operating budget includes \$302,357 above the annual expected benefit payouts to begin funding the Annual Required Contribution (ARC) for the Police, Fire and Town retiree medical program over seven years. The Town is currently considering a combination of trust fund and internal service fund to control the funding and reporting of postemployment benefits.

Taxes

During the fiscal year ended June 30, 2008, the Town collected 98.23% of its current tax levy. This is the third consecutive year that current tax collections exceeded 98.2%, the highest tax collection rates in over twenty years. As a result the balance of taxes receivable was reduced \$2,237,421 or 33.8% from \$6,627,534 to \$4,390,113 during that period. The Town adopted a 98.25% current tax collection rate in the FY2009 operating budget.

Certificate of Achievement

The Government Finance Officers Association of United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Stratford, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the 17th consecutive year that Stratford has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

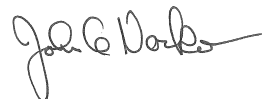
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I would like to thank Blum, Shapiro & Company, P.C., our independent auditors, for their professional guidance, assistance, and many helpful comments and suggestions. I would also like to give special thanks to Susan Collier, Assistant Finance Director and all the finance department staff who worked many extra hours to assist with the preparation of this report.

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

Respectfully Submitted,



John G. Norko
Director of Finance

Financial Section



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stratford, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stratford, Connecticut, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 12 and budgetary comparison information on pages 48 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

January 26, 2009

TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

This discussion and analysis of the Town of Stratford, Connecticut's (the Town) financial performance is presented by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's net assets increased as a result of this year's operations. The net assets of our business-type activities increased by \$7.9 million, or 28.5% and the net assets of our governmental activities increased by \$5.7 million, or 45.9%.
- During the year, the Town had expenses that were \$5.0 million less than the \$214.0 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services increased to \$8.1 million (or 3.8%) while operating expenses increased by 7.2%.
- Total cost of all of the Town's programs was \$216.1 million with no major new programs added this year.
- The General Fund reported a fund balance this year of \$11.7 million.
- Revenues in the General Fund totaled \$173,916 thousand while expenditures totaled \$173,491 thousand resulting in a surplus of \$425 thousand on a budgetary basis.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

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

Government-Wide Financial Analysis

The Town's combined net assets increased from a year ago from \$40.1 million to \$53.6 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1
NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 66,935	\$ 57,872	\$ 12,733	\$ 9,157	\$ 79,668	\$ 67,029
Capital assets, net of depreciation	125,240	124,752	64,438	37,156	189,678	161,908
Total assets	<u>192,175</u>	<u>182,624</u>	<u>77,171</u>	<u>46,313</u>	<u>269,346</u>	<u>228,937</u>
Current liabilities	13,877	10,419	35,638	15,862	49,515	26,281
Long-term debt outstanding	160,309	159,878	5,927	2,709	166,236	162,587
Total liabilities	<u>174,186</u>	<u>170,297</u>	<u>41,565</u>	<u>18,571</u>	<u>215,751</u>	<u>188,868</u>
Net Assets:						
Invested in capital assets, net of debt	51,011	51,351	29,187	23,437	80,198	74,788
Restricted	2,611	3,018			2,611	3,018
Unrestricted	<u>(35,633)</u>	<u>(42,042)</u>	<u>6,419</u>	<u>4,305</u>	<u>(29,214)</u>	<u>(37,737)</u>
Total Net Assets	\$ <u>17,989</u>	\$ <u>12,327</u>	\$ <u>35,606</u>	\$ <u>27,742</u>	\$ <u>53,595</u>	\$ <u>40,069</u>

Net assets of the Town's governmental activities increased by 46.3% (\$18.0 million compared to \$12.3 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(42.0) million at June 30, 2007 to \$(35.6) million at the end of this year.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 10,750	\$ 8,994	\$ 8,182	\$ 7,836	\$ 18,932	\$ 16,830
Operating grants and contributions	61,968	28,496			61,968	28,496
Capital grants and contributions	109	1,027	7,031	2,755	7,140	3,782
General revenues:						
Property taxes	135,680	128,772			135,680	128,772
Grants and contributions not restricted to specific purposes	4,269	6,170			4,269	6,170
Unrestricted investment earnings	1,310	2,719	278	403	1,588	3,122
Total revenues	<u>214,086</u>	<u>176,178</u>	<u>15,491</u>	<u>10,994</u>	<u>229,577</u>	<u>187,172</u>
Program expenses:						
General government	32,424	33,510			32,424	33,510
Human development	6,426	6,628			6,426	6,628
Physical development	15,742	15,483			15,742	15,483
Public safety	22,943	21,777			22,943	21,777
Education	123,854	91,018			123,854	91,018
Interest expense	7,588	7,605			7,588	7,605
Waste operating			5,624	4,960	5,624	4,960
Short Beach Golf Course			441	363	441	363
Miniature Golf Course			17	22	17	22
Emergency Medical Services			991	1,252	991	1,252
Total program expenses	<u>208,977</u>	<u>176,021</u>	<u>7,073</u>	<u>6,597</u>	<u>216,050</u>	<u>182,618</u>
Excess before transfers	5,109	157	8,418	4,397	13,527	4,554
Transfers	<u>553</u>	<u>229</u>	<u>(553)</u>	<u>(229)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	\$ <u>5,662</u>	\$ <u>386</u>	\$ <u>7,865</u>	\$ <u>4,168</u>	\$ <u>13,527</u>	\$ <u>4,554</u>

The Town's total revenues were \$229.6 million. The total cost of all programs and services was \$216.1 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Approximately 63.4% of the revenues were derived from property taxes; the remaining 36.6% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$6.9 million over the prior year. Current tax collections totaled \$133.3 million or 98.23% of the levy. Arrears taxes and interest collected were \$2.1 million. Unrestricted investment earnings were \$1.4 million less than the prior year.
- Operating grants for governmental activities increased by \$33.5 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$23.4 million or 38% of the Operating grants total.

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

- Education expenses and operating grants increased significantly due to an increase of \$27.9 million on-behalf payments made by the State of Connecticut for the Town.

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

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General government	\$ 32,424	\$ 33,510	\$ 30,778	\$ 31,912
Public safety	6,426	21,777	979	20,065
Physical development	15,742	15,483	14,093	13,165
Education	22,943	91,018	20,748	61,159
Human development	123,854	6,628	62,306	3,749
All others	7,588	7,605	7,246	7,045
Total	<u>\$ 208,977</u>	<u>\$ 176,021</u>	<u>\$ 136,150</u>	<u>\$ 137,095</u>

Business-Type Activities

Business-type activities increased the Town's net assets by \$7.9 million. The key factors were the Waste Operating Fund favorable operating results and capital investment in a major plant upgrade.

Town Funds Financial Analysis

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$29.4 million, an increase of \$8.0 million in comparison with the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$11.7 million. Of this total fund balance, \$3.5 million is reserved for encumbrances, \$5.0 million is designated for the emergency fund and the balance is reserved for future tax relief and miscellaneous small items.

The fund balance of the Town's General Fund increased by \$1,844,565 during the current fiscal year. Key factors affecting the General Fund are as follows:

- Collections of the current tax levy were 98.23%, one of the highest collection rates in the past twenty years.
- Intergovernmental revenues and investment earnings were also very favorable throughout the fiscal year.
- During the year competitive bids for electric power were solicited for the second time. As a result the Town contracted with a new electric power vendor and continued to avoid the significant rate increases of the local utility.
- The Town entered into an agreement with the United Illuminating Company to analyze the power consumption of the Town's 5,000 streetlights and to effect equipment modifications and upgrades that resulted in consumption savings of 22.9%.

The Capital Projects Fund has a fund balance of \$12.2 million at the end of the year, an increase of \$6.4 million from the prior year. During fiscal 2008, the Town issued bonds totaling \$12.9 million to fund capital improvements.

Other nonmajor governmental funds have a total fund balance of \$5.5 million, a decrease of \$.3 million in the current year.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall proprietary funds net assets total \$35.6 million at the end of 2008, increasing by approximately \$7.9 million from the previous year. This increase was due largely to capital investment in a major upgrade of the Town's Wastewater Treatment Plant.

Net assets of the Waste Operating Fund at the end of the year are \$33.9 million, 95.2% of total net assets of the fund. Other nonmajor activities have net assets of \$1.7 million or 4.8% of the total net assets. The total increase in net assets for all funds was \$7.9 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type Activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for both revenues and expenditures were less than 1%. During the fiscal year, revenues exceeded the budget by \$2.2 million and expenditures were over budget by \$1.8 million, thus creating an increase to fund balance.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2008 amounted to \$125.2 million and \$64.4 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was \$.4 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 12,870	\$ 12,870	\$	\$	\$ 12,870	\$ 12,870
Land improvements	1,784	1,608	496	561	2,280	2,169
Buildings and improvements	87,165	88,984	5,102	5,305	92,267	94,289
Infrastructure	14,335	13,768	9,385	9,702	23,720	23,470
Machinery and equipment	8,283	7,191	2,246	2,463	10,529	9,654
Construction in progress	802	332	47,210	19,126	48,012	19,458
Total	\$ 125,239	\$ 124,753	\$ 64,439	\$ 37,157	\$ 189,678	\$ 161,910

This year's major additions included:

- Upgrade of the Water Pollution Control Facility - \$28.3 million
- Purchase of Capital Equipment for Public Works - \$.6 million
- School Improvement Projects - \$1.2 million

The Town's fiscal-year 2008-09 plans call for it to spend \$42.5 million for capital projects, principally for the following:

- Water Pollution Control Facility Upgrade - \$31.0 million
- School Improvement Projects - \$3.4 million
- Town wide improvements including roads, parks, capital equipment, a new Animal Control Facility, Barnum Avenue Streetscape Improvements, the Shakespeare Theater and various flood control projects - \$7.5 million

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2008, the Town had \$145.1 million in bonds and notes outstanding versus \$145.6 million last year, a decrease of 1.5%, as shown in Table 5.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 139,360	\$ 143,071	\$ 2,370	\$ 599	\$ 141,730	\$ 143,670
Notes payable			3,427	1,963	3,427	1,963
Totals	<u>\$ 139,360</u>	<u>\$ 143,071</u>	<u>\$ 5,797</u>	<u>\$ 2,562</u>	<u>\$ 145,157</u>	<u>\$ 145,633</u>

The Town issued \$10,795,000 debt during FY2008.

The Town and its Water Pollution Control Authority both maintain an “AA-” rating from Standard & Poor’s and an “A-1” rating from Moody’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior years’ tax collections. The current debt limitation for the Town amounts to \$940.0 million, significantly more than the Town’s outstanding general obligation debt.

More detailed information about the Town’s long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Inflationary trends in the region are comparable to national indices.
- The Town’s annual average unemployment rate was 4.7% for calendar year 2007 up slightly from 4.5% in 2006. This also compares to the State of Connecticut and U.S. annual average unemployment rates of 4.6% in 2007.
- The Town’s 2007 taxable Grand List increased 1% over the 2006 list.

All of these factors were considered in preparing the Town’s budget for the 2008-2009 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$8.2 million. In the FY2008-09 budget the Town has not appropriated any of this amount for spending.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 42,128,901	\$ 6,494,708	\$ 48,623,609
Investments	1,947,049		1,947,049
Receivables, net	13,574,128	883,708	14,457,836
Internal balances	(5,353,800)	5,353,800	-
Net pension asset	14,615,610		14,615,610
Inventory and deferred charges	24,203		24,203
Capital assets:			
Assets not being depreciated	13,672,421	47,209,760	60,882,181
Assets being depreciated, net	111,567,251	17,228,945	128,796,196
Total assets	<u>192,175,763</u>	<u>77,170,921</u>	<u>269,346,684</u>
Liabilities:			
Accounts payables	7,528,183	4,038,464	11,566,647
Accrued liabilities	964,012	42,068	1,006,080
Unearned revenue	1,139,778	2,067	1,141,845
Bond anticipation notes	4,245,000	31,554,939	35,799,939
Noncurrent liabilities:			
Due within one year	12,257,208	469,156	12,726,364
Due in more than one year	148,052,148	5,458,417	153,510,565
Total liabilities	<u>174,186,329</u>	<u>41,565,111</u>	<u>215,751,440</u>
Net Assets:			
Invested in capital assets, net of related debt	51,011,522	29,186,819	80,198,341
Restricted for:			
Nonexpendable trust	2,611,000		2,611,000
Unrestricted	<u>(35,633,088)</u>	<u>6,418,991</u>	<u>(29,214,097)</u>
Total Net Assets	<u>\$ 17,989,434</u>	<u>\$ 35,605,810</u>	<u>\$ 53,595,244</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 32,423,654	\$ 1,645,670	\$	\$	\$ (30,777,984)	\$	\$ (30,777,984)
Human development	6,426,078	4,375,784	1,071,499		(978,795)		(978,795)
Physical development	15,742,341	448,387	1,091,637	109,109	(14,093,208)		(14,093,208)
Public safety	22,943,396	2,072,475	122,743		(20,748,178)		(20,748,178)
Education	123,853,824	2,207,777	59,339,776		(62,306,271)		(62,306,271)
Debt service	7,588,195		342,054		(7,246,141)		(7,246,141)
Total governmental activities	<u>208,977,488</u>	<u>10,750,093</u>	<u>61,967,709</u>	<u>109,109</u>	<u>(136,150,577)</u>	<u>-</u>	<u>(136,150,577)</u>
Business-type activities:							
Waste Operating	5,623,931	6,402,220		7,031,123		7,809,412	7,809,412
Emergency Medical Services	990,859	1,456,665				465,806	465,806
Short Beach Golf Course	440,771	321,078				(119,693)	(119,693)
Miniature Golf Course	17,378	2,139				(15,239)	(15,239)
Total business-type activities	<u>7,072,939</u>	<u>8,182,102</u>	<u>-</u>	<u>7,031,123</u>	<u>-</u>	<u>8,140,286</u>	<u>8,140,286</u>
Total	<u>\$ 216,050,427</u>	<u>\$ 18,932,195</u>	<u>\$ 61,967,709</u>	<u>\$ 7,140,232</u>	<u>\$ (136,150,577)</u>	<u>\$ 8,140,286</u>	<u>(128,010,291)</u>
General revenues:							
Property taxes					135,680,341		135,680,341
Grants and contributions not restricted to specific programs					4,269,274		4,269,274
Unrestricted investment earnings					1,310,447	277,550	1,587,997
Total general revenues					<u>141,260,062</u>	<u>277,550</u>	<u>141,537,612</u>
Transfers					553,353	(553,353)	-
Total					<u>141,813,415</u>	<u>(275,803)</u>	<u>141,537,612</u>
Change in net assets					5,662,838	7,864,483	13,527,321
Net Assets at Beginning of Year					<u>12,326,596</u>	<u>27,741,327</u>	<u>40,067,923</u>
Net Assets at End of Year					<u>\$ 17,989,434</u>	<u>\$ 35,605,810</u>	<u>\$ 53,595,244</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 17,223,935	\$ 20,262,712	\$ 4,642,254	\$ 42,128,901
Investments			1,947,049	1,947,049
Receivables, net	9,201,515	573,524	813,812	10,588,851
Inventories			24,203	24,203
Due from other funds	<u>1,559,464</u>	<u>163,382</u>	<u>601,944</u>	<u>2,324,790</u>
Total Assets	<u>\$ 27,984,914</u>	<u>\$ 20,999,618</u>	<u>\$ 8,029,262</u>	<u>\$ 57,013,794</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 3,325,178	\$ 514,773	\$ 973,522	\$ 4,813,473
Accrued liabilities	935,936		28,076	964,012
Deferred revenue	8,121,210	495,996	1,332,160	9,949,366
Bond anticipation notes		4,245,000		4,245,000
Due to other funds	<u>3,913,469</u>	<u>3,585,079</u>	<u>180,042</u>	<u>7,678,590</u>
Total liabilities	<u>16,295,793</u>	<u>8,840,848</u>	<u>2,513,800</u>	<u>27,650,441</u>
Fund balances:				
Reserved	3,468,681		24,203	3,492,884
Unreserved, reported in:				
General Fund	8,220,440			8,220,440
Special Revenue Funds			2,880,259	2,880,259
Capital Project Funds		12,158,770		12,158,770
Permanent Funds			2,611,000	2,611,000
Total fund balances	<u>11,689,121</u>	<u>12,158,770</u>	<u>5,515,462</u>	<u>29,363,353</u>
Total Liabilities and Fund Balances	<u>\$ 27,984,914</u>	<u>\$ 20,999,618</u>	<u>\$ 8,029,262</u>	<u>\$ 57,013,794</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

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

Fund balances - total governmental funds (Exhibit III)	\$ 29,363,353
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 260,888,177	
Less accumulated depreciation	<u>(135,648,505)</u>	
Net capital assets		125,239,672

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

Net pension asset	14,615,610
Property tax receivables greater than 60 days	3,233,670
Interest receivable on property taxes	2,985,277
Assessments receivable	489,744
Housing loans	198,779
Receivable from the state for school construction projects	4,887,540

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(139,360,000)
Interest payable on bonds and notes	(2,714,855)
Compensated absences	(4,854,006)
Capital lease	(13,150)
Landfill closure	(5,000,000)
OPEB obligation	(4,128,200)
IBNR	(6,354,000)
Claims and judgments	<u>(600,000)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 17,989,434</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes and assessments	\$ 135,666,547	\$ 111,774	\$	\$ 135,778,321
State and Federal governments	62,597,178	342,054	6,483,258	69,422,490
Department revenue	2,270,095		3,174,868	5,444,963
Licenses and permits	428,323		326,279	754,602
Investment income	1,410,334	105,579	(205,466)	1,310,447
Other	4,404,734		46,886	4,451,620
Total revenues	<u>206,777,211</u>	<u>559,407</u>	<u>9,825,825</u>	<u>217,162,443</u>
Expenditures:				
Current:				
General government:				
Administration	4,207,322			4,207,322
Contingency	2,544,946			2,544,946
Employee benefits	18,521,699			18,521,699
Finance	1,825,218			1,825,218
Human development	5,002,603		1,181,233	6,183,836
Physical development	12,584,468		1,972,245	14,556,713
Public safety	21,810,317		191,180	22,001,497
Education	115,569,201		6,671,533	122,240,734
Debt service:				
Principal retirements	14,506,000			14,506,000
Interest and other charges	7,569,206			7,569,206
Capital outlay		5,859,769	561,501	6,421,270
Total expenditures	<u>204,140,980</u>	<u>5,859,769</u>	<u>10,577,692</u>	<u>220,578,441</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,636,231</u>	<u>(5,300,362)</u>	<u>(751,867)</u>	<u>(3,415,998)</u>
Other Financing Sources (Uses):				
Bond Proceeds		10,795,000		10,795,000
Transfers in	583,353	909,100	465,919	1,958,372
Transfers out	(1,375,019)		(30,000)	(1,405,019)
Total other financing sources (uses)	<u>(791,666)</u>	<u>11,704,100</u>	<u>435,919</u>	<u>11,348,353</u>
Net Change in Fund Balances	1,844,565	6,403,738	(315,948)	7,932,355
Fund Balances at Beginning of Year	<u>9,844,556</u>	<u>5,755,032</u>	<u>5,831,410</u>	<u>21,430,998</u>
Fund Balances at End of Year	<u>\$ 11,689,121</u>	<u>\$ 12,158,770</u>	<u>\$ 5,515,462</u>	<u>\$ 29,363,353</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 7,932,355
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	5,459,147
Depreciation expense	(4,919,190)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(53,065)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(2,855,196)
Property tax receivable	135,329
Accrued interest receivable	99,170
Housing loans	2,537
Assessments	91,520
Net pension asset	220,338

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

Bond principal payments	14,506,000
Proceeds from sale of bonds	(10,795,000)
Capital lease payments	12,933

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	809,149
Accrued interest	(18,989)
Self-insurance claims	(620,000)
OPEB obligation	(4,128,200)
Landfill post closure care	(216,000)

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 5,662,838</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2008

	Business-Type Activities		
	Waste Operating Funds	Other Nonmajor Funds	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,138,776	\$ 355,932	\$ 6,494,708
Receivables:			
Accounts and other	23,536	549,736	573,272
Special assessments	310,436		310,436
Due from other funds	3,282,543	2,100,000	5,382,543
Total current assets	<u>9,755,291</u>	<u>3,005,668</u>	<u>12,760,959</u>
Capital assets:			
Assets not being depreciated	47,191,660	18,100	47,209,760
Assets being depreciated, net	16,293,002	935,943	17,228,945
Total capital assets	<u>63,484,662</u>	<u>954,043</u>	<u>64,438,705</u>
Total assets	<u>73,239,953</u>	<u>3,959,711</u>	<u>77,199,664</u>
Liabilities:			
Current:			
Accounts payable	3,977,171	61,293	4,038,464
Accrued wages and benefits	29,592	12,476	42,068
Unearned revenue		2,067	2,067
Due to other funds		28,743	28,743
Bond anticipation notes	31,554,939		31,554,939
Bonds payable		94,114	94,114
Serial and notes payable	331,895		331,895
Compensated absences	15,062	28,085	43,147
Total current liabilities	<u>35,908,659</u>	<u>226,778</u>	<u>36,135,437</u>
Noncurrent liabilities:			
Bonds payable	270,000	2,005,886	2,275,886
Serial notes payable	3,095,052		3,095,052
Compensated absences	41,719	45,760	87,479
Total noncurrent liabilities	<u>3,406,771</u>	<u>2,051,646</u>	<u>5,458,417</u>
Total liabilities	<u>39,315,430</u>	<u>2,278,424</u>	<u>41,593,854</u>
Net Assets:			
Invested in capital assets, net of related debt	28,232,776	954,043	29,186,819
Unrestricted	<u>5,691,747</u>	<u>727,244</u>	<u>6,418,991</u>
Total Net Assets	<u>\$ 33,924,523</u>	<u>\$ 1,681,287</u>	<u>\$ 35,605,810</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities		
	Waste Operating Funds	Other Nonmajor Funds	Total
Operating Revenues:			
Charges for services	\$ 6,402,220	\$ 1,779,882	\$ 8,182,102
Operating Expenses:			
Operating and maintenance	4,815,866	1,319,311	6,135,177
Depreciation	692,967	129,697	822,664
Total operating expenses	5,508,833	1,449,008	6,957,841
Operating Income	893,387	330,874	1,224,261
Nonoperating Revenues (Expense):			
Interest income	257,814	19,736	277,550
Interest expense	(115,098)		(115,098)
Total nonoperating revenues	142,716	19,736	162,452
Income Before Contributions and Transfers	1,036,103	350,610	1,386,713
Capital Contributions	7,031,123		7,031,123
Transfers Out	(234,008)	(319,345)	(553,353)
Change in Net Assets	7,833,218	31,265	7,864,483
Net Assets at Beginning of Year	26,091,305	1,650,022	27,741,327
Net Assets at End of Year	\$ 33,924,523	\$ 1,681,287	\$ 35,605,810

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities		
	Waste Operating Funds	Other Nonmajor Funds	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 6,317,194	\$ 1,757,582	\$ 8,074,776
Cash payments to suppliers	(3,309,803)	(530,197)	(3,840,000)
Cash payments to employees	(2,124,093)	(799,268)	(2,923,361)
Payments for interfund services	(3,457,905)	(2,424,515)	(5,882,420)
Net cash used in operating activities	<u>(2,574,607)</u>	<u>(1,996,398)</u>	<u>(4,571,005)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	<u>(234,008)</u>	<u>(319,345)</u>	<u>(553,353)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal payments on debt	(702,388)		(702,388)
Proceeds from bond anticipation notes	22,235,264		22,235,264
Proceeds from bonds	1,837,123	2,100,000	3,937,123
Interest paid on debt	(115,098)		(115,098)
Purchase of capital assets	(26,006,799)	(22,222)	(26,029,021)
Intergovernmental revenue	7,031,123		7,031,123
Net cash provided by capital and related financing activities	<u>4,279,225</u>	<u>2,077,778</u>	<u>6,357,003</u>
Cash Flows from Investing Activities:			
Interest revenues	257,814	19,736	277,550
Purchase of investments	<u>(1,962,331)</u>		<u>(1,962,331)</u>
Net cash provided by (used in) investing activities	<u>(1,704,517)</u>	<u>19,736</u>	<u>(1,684,781)</u>
Net Decrease in Cash and Cash Equivalents	(233,907)	(218,229)	(452,136)
Cash and Cash Equivalents at Beginning of Year	<u>6,372,683</u>	<u>574,161</u>	<u>6,946,844</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,138,776</u>	<u>\$ 355,932</u>	<u>\$ 6,494,708</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 893,387	\$ 330,874	\$ 1,224,261
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	692,967	129,697	822,664
Change in assets and liabilities:			
Decrease (increase) in accounts receivable and deferred charges	(85,026)	(22,315)	(107,341)
Decrease (increase) in due from other funds	(3,147,341)		(3,147,341)
Increase (decrease) in accounts payable and accrued expenses	(618,030)	(10,139)	(628,169)
Increase (decrease) in due to other funds	<u>(310,564)</u>	<u>(2,424,515)</u>	<u>(2,735,079)</u>
Net Cash Used in Operating Activities	<u>\$ (2,574,607)</u>	<u>\$ (1,996,398)</u>	<u>\$ (4,571,005)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	<u>Pension Trust Fund</u>	<u>Student Activity Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 2,419,580	\$ 303,456
Investments:		
Common stocks	29,897,856	
Mutual funds - open end	78,479,336	
Other receivable	<u>165,076</u>	
Total assets	<u>110,961,848</u>	<u>\$ 303,456</u>
Liabilities:		
Due to students and others		\$ 303,456
Other liabilities	<u>17,892</u>	
Total liabilities	<u>17,892</u>	<u>\$ 303,456</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 110,943,956</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2008

Additions:

Contributions:

Plan members	\$ 1,933,417
Employer	<u>5,669,932</u>
Total contributions	<u>7,603,349</u>

Investment income (loss):

Net depreciation in fair market value of investments	(5,165,954)
Interest and dividends	<u>965,638</u>
Total investment loss	(4,200,316)
Investment fee	<u>(294,077)</u>
Net investment loss	<u>(4,494,393)</u>

Total additions	<u>3,108,956</u>
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Deductions:

Benefits	16,407,121
Other	<u>1,408,950</u>
Total deductions	<u>17,816,071</u>

Net Decrease	(14,707,115)
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Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>125,651,071</u>
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Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 110,943,956</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. However, agency funds, unlike other fiduciary funds, report only assets and liabilities, do not have a measurement focus and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

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

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Distribution and collection systems	50-65
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-20

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

H. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

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

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

General Fund

The Town's general budget policies are as follows:

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

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

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

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

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

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

Budgeted amounts reported are as originally adopted, or as amended by the Town Council during the course of the year. There were no supplemental appropriations approved for the budget year ended June 30, 2008.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.

B. Deficit Fund Equity

The Town has the following fund deficits at June 30, 2008:

	<u>Amount</u>
School Lunch Program *	\$ 128,714
Miscellaneous Grants *	82,787

* Deficit will be eliminated through future departmental revenues

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts (including interest bearing accounts)	\$ 47,600,781
Petty cash	1,895
Cash equivalents:	
Wachovia Securities	2,419,580
JP Morgan Chase Bank	297,114
State Tax Exempt Proceeds Fund	2,085
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	<u>1,025,190</u>
Total Cash and Cash Equivalents	<u>\$ 51,346,645</u>

Deposits

At June 30, 2008, the carrying amount of the Town deposits was \$47,600,781 and the bank balance was \$49,886,702.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$405,560 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio. A minimum of \$4,830,559, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The Town has entered into custodial credit risk agreements to collateralize significant balances that are not included in the previously mentioned provisions.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008, the Town's cash equivalents amounted to \$3,743,969.

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Other investments:		
Common stock	\$ 31,192,752	
Pooled open-end mutual fund accounts:		
Pension Trust Funds	78,479,336	
Nonmajor Funds	<u>652,153</u>	
Total	\$ <u>110,324,241</u>	

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Waste Operating</u>	<u>Pension Trust</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,390,113	\$	\$	\$	\$ 752,452	\$ 5,142,565
Accounts and other		77,528	23,536	165,076	814,406	1,080,546
Special assessments		495,996	310,436			806,432
Intergovernmental	<u>5,461,402</u>					<u>5,461,402</u>
Gross receivables	9,851,515	<u>573,524</u>	<u>333,972</u>	<u>165,076</u>	<u>1,566,858</u>	<u>12,490,945</u>
Less allowance for uncollectibles	<u>650,000</u>				<u>203,310</u>	<u>853,310</u>
Net Total Receivables	<u>\$ 9,201,515</u>	<u>\$ 573,524</u>	<u>\$ 333,972</u>	<u>\$ 165,076</u>	<u>\$ 1,363,548</u>	<u>\$ 11,637,635</u>

Note: Does not include accrued interest on property taxes of \$2,985,277.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 3,233,670	\$
Special assessments not yet due	489,599	
School building grants	4,887,540	
Housing loans	198,779	
Other		6,397
Grant drawdowns and other revenues received prior to meeting all eligibility requirements		<u>1,133,381</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 8,809,588</u>	<u>\$ 1,139,778</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,870,506	\$	\$	\$ 12,870,506
Construction in progress	331,912	642,417	172,414	801,915
Total capital assets not being depreciated	<u>13,202,418</u>	<u>642,417</u>	<u>172,414</u>	<u>13,672,421</u>
Capital assets being depreciated:				
Land improvements	4,718,677	360,864		5,079,541
Buildings and improvements	129,620,787 *	1,025,834		130,646,621
Machinery and equipment	27,912,411	1,790,786	976,739	28,726,458
Infrastructure	80,951,476	1,811,660		82,763,136
Total capital assets being depreciated	<u>243,203,351</u>	<u>4,989,144</u>	<u>976,739</u>	<u>247,215,756</u>
Less accumulated depreciation for:				
Land improvements	3,110,234	185,947		3,296,181
Buildings and improvements	40,637,182 *	2,844,433		43,481,615
Machinery and equipment	20,721,793	644,740	923,674	20,442,859
Infrastructure	67,183,780	1,244,070		68,427,850
Total accumulated depreciation	<u>131,652,989</u>	<u>4,919,190</u>	<u>923,674</u>	<u>135,648,505</u>
Total capital assets being depreciated, net	<u>111,550,362</u>	<u>69,954</u>	<u>53,065</u>	<u>111,567,251</u>
Governmental Activities Capital Assets, Net	<u>\$ 124,752,780</u>	<u>\$ 712,371</u>	<u>\$ 225,479</u>	<u>\$ 125,239,672</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 19,125,775	\$ 28,083,985	\$	\$ 47,209,760
Capital assets being depreciated:				
Land improvements	2,273,634			2,273,634
Buildings and improvements	10,211,321 *			10,211,321
Machinery and equipment	12,849,086	21,736	77,707	12,793,115
Infrastructure	20,968,713			20,968,713
Total capital assets being depreciated	<u>46,302,754</u>	<u>21,736</u>	<u>77,707</u>	<u>46,246,783</u>
Less accumulated depreciation for:				
Land improvements	1,712,852	64,685		1,777,537
Buildings and improvements	4,906,743 *	202,517		5,109,260
Machinery and equipment	10,386,291	238,322	77,707	10,546,906
Infrastructure	11,266,995	317,140		11,584,135
Total accumulated depreciation	<u>28,272,881</u>	<u>822,664</u>	<u>77,707</u>	<u>29,017,838</u>
Total capital assets being depreciated, net	<u>18,029,873</u>	<u>(800,928)</u>	<u>-</u>	<u>17,228,945</u>
Business-Type Activities Capital Assets, Net	<u>\$ 37,155,648</u>	<u>\$ 27,283,057</u>	<u>\$ -</u>	<u>\$ 64,438,705</u>

*Beginning balances were adjusted for the reclassification of a fully depreciated asset valued at \$55,698 from governmental activities to business-type activities.

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

Governmental activities:	
General Government	\$ 307,271
Human Development	231,727
Physical Development	1,185,628
Public Safety	488,027
Education	<u>2,706,537</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>4,919,190</u>
 Business-type activities:	
Waste Operating	\$ 692,967
Short Beach Golf Course	60,229
Miniature Golf Course	11,068
Emergency Medical Services	<u>58,400</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u>822,664</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2008, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,559,464	\$ 3,913,469
Special Revenue Funds:		
Community Development		117,743
Railroad Property		5,244
Miscellaneous Grants	18,111	
Recreation		9,816
Department of Child and Family Services		47,941
Counseling Center	544	
Harbor Management		351
Dog Fund	1,853	
Senior Citizens	914	
Reserve Fund	581,575	
Capital Projects Funds:		
Capital Improvements	108,954	476,956
Capital Special Projects		2,847,480
Sidewalk and Road		16,511
Sewer Revolving	109,996	134,400
Water Hookup		218,686
Capital Equipment	53,386	
Enterprise Funds:		
Waste Operating	3,282,543	
Emergency Medical Services	2,100,000	6,323
Short Beach Golf Course		3,594
Miniature Golf		<u>18,826</u>
 Total	 \$ <u>7,817,340</u>	 \$ <u>7,817,340</u>

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

Interfund transfers:

	Transfers In			
	General	Capital Projects	Nonmajor Governmental	Total
Transfers out:				
General Fund	\$	\$ 909,100	\$ 465,919	\$ 1,375,019
Waste Operating Fund	234,008			234,008
Nonmajor governmental funds	30,000			30,000
Nonmajor enterprise funds	319,345			319,345
Total	\$ 583,353	\$ 909,100	\$ 465,919	\$ 1,958,372

All transfers are for regularly recurring operational transfers.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds and notes	\$ 143,071,000	\$ 10,795,000	\$ 14,506,000	\$ 139,360,000	\$ 11,275,886
Capital leases	26,083		12,933	13,150	10,521
Claims and judgments	600,000			600,000	
Compensated absences	5,663,155		809,149	4,854,006	970,801
Landfill monitoring closure and postclosure costs	4,784,000	216,000		5,000,000	
OPEB liability		8,783,000	4,654,800	4,128,200	
Risk management	5,734,000	620,000		6,354,000	
Governmental Activities Long-Term Liabilities	<u>\$ 159,878,238</u>	<u>\$ 20,414,000</u>	<u>\$ 19,982,882</u>	<u>\$ 160,309,356</u>	<u>\$ 12,257,208</u>
Business-type activities:					
General obligation bonds payable	\$ 599,000	\$ 2,100,000	\$ 329,000	\$ 2,370,000	\$ 94,114
Notes payable	1,963,285	1,837,123	373,461	3,426,947	331,895
Compensated absences	146,619		15,993	130,626	43,147
Business-Type Activities Long-Term Liabilities	<u>\$ 2,708,904</u>	<u>\$ 3,937,123</u>	<u>\$ 718,454</u>	<u>\$ 5,927,573</u>	<u>\$ 469,156</u>

As of June 30, 2008, the outstanding general obligation bonded indebtedness of the Town recorded in the governmental activities was as follows:

School bonds with interest rates ranging from 2.5% to 7.0% and varying expiration dates ranging from March 2006 to August 2020	\$ 37,914,540
Public improvement bonds with interest rates ranging from 2.5% to 9.5% and varying expiration dates ranging from April 2006 to August 2020	36,300,460
General obligation pension bonds with interest rates ranging from 6.0% to 6.7% and varying expiration dates to February 2018	<u>65,145,000</u>
Total	<u>\$ 139,360,000</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 11,275,886	\$ 7,455,244	\$ 18,731,130
2010	11,555,886	6,656,836	18,212,722
2011	11,840,886	5,855,625	17,696,511
2012	11,450,886	5,311,181	16,762,067
2013	11,815,886	4,963,443	16,779,329
2014-2018	62,084,430	14,962,343	77,046,773
2019-2023	14,303,835	2,674,681	16,978,516
2024-2028	<u>5,032,305</u>	<u>463,043</u>	<u>5,495,348</u>
Total	<u>\$ 139,360,000</u>	<u>\$ 48,342,396</u>	<u>\$ 187,702,396</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, 2008 was approximately \$ 3.1 million. Additional payments for bond principal aggregating approximately \$4.9 million are expected to be received through the bonds' maturity dates.

Compensated Absences

Included in the long-term liabilities is the estimated obligation for employee compensated absences which has not become due, aggregating \$5,012,364 as of June 30, 2008.

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

Bond Authorizations

Bonds authorized but unissued at June 30, 2008 are as follows:

General purpose	\$ 5,953,821
Schools	691,875
Sewers	<u>63,900,000</u>
Total	<u>\$ 70,545,696</u>

Capital Leases Obligations

Future minimum lease payments are as follows:

2009	\$	10,521
2010		7,027
Total		<u>17,548</u>
Less amount representing interest		<u>(4,398)</u>
Total	\$	<u><u>13,150</u></u>

Business-Type Activities Obligations

At June 30, 2008, long-term debt in the Enterprise Funds consists of the following:

General obligation sewer bonds with interest rates ranging from 3.2% to 12.75% and varying expiration dates ranging from 2010 to 2020	\$	270,000
Emergency Management Facility bonds with interest rates ranging from 3.5% to 5.5% and varying expiration dates ranging from 2009 to 2028		2,100,000
Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2015		<u>3,426,947</u>
Total	\$	<u><u>5,796,947</u></u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	426,009	196,845	622,854
2010	432,708	140,328	573,036
2011	439,543	128,318	567,861
2012	446,515	116,346	562,861
2013	453,627	104,469	558,096
2014-2018	1,568,937	396,054	1,964,991
2019-2023	1,075,161	243,246	1,318,407
2024-2027	<u>954,447</u>	<u>73,025</u>	<u>1,027,472</u>
Total	<u><u>\$ 5,796,947</u></u>	<u><u>\$ 1,398,631</u></u>	<u><u>\$ 7,195,578</u></u>

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 302,123	\$ 44,354	\$ 257,769
Schools	604,247	33,719	570,528
Sewers	503,539	53,007	450,532
Urban renewal	436,400		430,400
Pension deficit	402,831	65,145	337,686

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 (\$940.0 million).

The Town is currently participating in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." At the beginning of the year, the Town had \$11 million Clear Water Fund notes outstanding relating to the Waste Operating Fund. During the year, the Town received \$21 million additional funding. At June 30, 2008, the amount outstanding was \$32 million at an interest rate of 2%.

The Town also issued notes of \$4.2 million dated December 20, 2007 at an interest rate of 3.5%. These notes are reflected in the Capital Project Fund and mature on December 18, 2008.

8. NET ASSETS/FUND BALANCES

Reservations and Designations

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

- Reserved for Encumbrances - to segregate a portion of fund balance for expenditure upon vendor performance.
- Reserved for Inventory - to segregate an amount equal to the inventory in the asset section of the balance sheet.

9. RISK MANAGEMENT

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

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

<u>Fiscal Year</u>	<u>Claims Payable, July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Paid Claims and Changes in Estimates</u>	<u>Claims Payable, June 30</u>
2008	\$ 5,944,000	\$ 20,457,000	\$ 19,837,000	\$ 6,564,000
2007	6,187,000	26,424,012	26,667,012	5,944,000

At June 30, 2008, \$180 thousand is expected to be paid from current resources recorded as an accrued liability on the fund financial statements, and approximately \$6.4 million is recorded as a noncurrent liability on the statement of net assets.

10. COMMITMENTS AND CONTINGENCIES

Lawsuits

There are several personal injury, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. The Town has recorded in the government-wide financial statements \$600,000 to cover claims not covered by insurance.

Municipal Solid Waste Service Agreement

The Town has entered into a municipal solid waste agreement, as amended (the Service Agreement) with the Connecticut Resources Recovery Authority (the Authority) pursuant to which it participates with 17 other Connecticut municipalities (the 18 constituting the Contracting Municipalities), in the Greater Bridgeport Resources Recovery System (the System).

Under the Service Agreement, the Town is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 23,000 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). For the fiscal year ended June 30, 2008, the Authority billed each Participating Municipality a fixed charge of \$9 per ton for each of their respective Minimum Tonnage Guarantee, and \$76 per ton of Municipal Solid Waste actually delivered by or on behalf of each Participating Municipality. For the fiscal year ending June 30, 2009, the charge will be \$18.50 per ton while the charge for the actual waste delivered will be \$76 per ton for the first 23,000 tons and \$80 per ton thereafter. The aggregate minimum commitment of the 18 Contracting Municipalities is 400,000 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its proportionate share of the shortfall of the aggregate minimum commitment (even if it did deliver its full portion).

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

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

11. OTHER POSTEMPLOYMENT BENEFITS

Post Employment Benefits

A. Plan Description

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers Town, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand alone financial statements for the plan.

At July 1, 2007, plan membership consisted of the following:

Active members	1,258
Retired members	695
Spouses of retired members	<u>328</u>
Total Participants	<u><u>2,281</u></u>

B. Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you go basis. As of June 30, 2008, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. It is the Town’s intention to open such a trust during the fiscal year ending June 30, 2009. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Hall

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

Medical Benefits:

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

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

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

Life Insurance:

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

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

Police

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

Medical Benefits:

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

Life Insurance:

\$5,000 until age 65.

Firefighters

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

Medical Benefits:

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

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

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

Public Works

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

Medical Benefits:

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

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

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

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

Life Insurance:

\$5,000 until age 65.

Supervisors

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

Medical Benefits:

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

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

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

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

Life Insurance:

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

BOE Custodians

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

Medical and Dental Benefits:

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

Life Insurance:

\$15,000.

BOE Nurses

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

Medical and Dental Benefits:

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

BOE Administrators

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

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

Medical and Dental Benefits:

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

BOE Paraprofessional/Cafeteria Workers

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

Medical and Dental Benefits:

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

Life Insurance:

\$7,000.

BOE Secretaries

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

Medical and Dental Benefits:

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

Life Insurance:

\$15,000.

Annual OPEB Cost and Net OPEB Obligations

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

Annual required contribution (ARC)	\$ 8,783,000
Interest on OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>8,783,000</u>
Contributions made	<u>4,654,800</u>
Increase in net OPEB obligation	<u>4,128,200</u>
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB Obligation, End of Year	<u>\$ 4,128,200</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 ending June 30, 2008 is presented below. Data is only presented for the fiscal year ending June 30, 2008 due to this being the year of implementation:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2008	\$ 8,783,000	\$ 4,654,800	53.0%	\$ 4,128,200

As of July 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$98,049,000, and the actuarial value of the assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$98,049,000.

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (OAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -	\$ 98,049,000	\$ 98,049,000	0.0 %	N/A	N/A

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.

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8.25% rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. This baseline rate of return is based on the long-term earnings potential of any investments set up in a trust to refund these benefits. If a trust is not established the actuarial accrued liability will increase in future years due to a lower rate of return. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years.

12. LANDFILL CLOSURE AND POSTCLOSURE MONITORING

State and federal laws and regulations require that the Town place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The estimated total current cost of the landfill closure and postclosure care, aggregating approximately \$5.0 million, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfills as of June 30, 2008. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants.

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Employee Defined Benefit Pension Plan

A. Plan Description

The Town is the administrator of a single-employer defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial reports as the Defined Benefit Pension Trust Fund. Stand-alone plan reports are not available.

As of July 1, 2007, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries:	
Currently receiving benefits	557
Vested, benefits deferred	33
Current employees:	
Vested	294
Nonvested	98
	<hr/>
Total	982
	<hr/> <hr/>

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Policy

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

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

D. Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the plan for the year ended June 30, 2008 were as follows:

Annual required contribution	\$ 5,646,579
Interest on net pension obligation	(1,187,610)
Adjustment to annual required contribution	<u>990,625</u>
Annual pension cost	5,449,594
Contributions made	<u>5,669,932</u>
Increase in net pension asset	(220,338)
Net Pension Asset, July 1, 2007	<u>(14,395,272)</u>
Net Pension Asset, June 30, 2008	<u>\$ (14,615,610)</u>

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed
Remaining amortization period	22 years
Asset valuation method	Fair value
Investment rate of return	8.25% per annum
Retirement:	
Police	25 years of continuous service
Fire	25 years of continuous service
Board of Education and Supervisors	23 years of continuous service and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Para-Professionals	23 years of continuous service and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Public Works	23 years of continuous service and, if hired after 7/1/85, age 50, or 5 years of service and age 55.
Town Hall and Nurses	23 years of continuous service and, if hired after 7/1/77, age 50, or 5 years of service and age 55.
Mortality table	1994 Group Annuity Mortality Table
Salary increases	1.5% per annum
Inflation rate	2.5% per annum
Post-retirement benefit increases	0.0% per annum

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/08	\$ 5,449,594	104.0%	\$ (14,615,610)
6/30/07	13,927,463	801.6	(14,395,272)
6/30/06	13,102,488	36.9	83,328,344

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/08	\$ 5,646,579	100.4%
6/30/07	12,435,843	897.8
6/30/06	11,651,536	41.5
6/30/05	10,535,184	40.0
6/30/04	8,710,077	32.0
6/30/03	6,527,819	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/06	\$ 11,053	\$ 204,337	\$ 193,284	5.4%	\$ 24,882	537.0%
7/1/05	15,502	195,581	180,079	8.0	26,482	680.0
7/1/04	20,649	191,851	171,202	10.8	24,130	709.5
7/1/03	23,498	181,840	158,342	13.0	24,931	635.0
7/1/02	29,566	167,557	137,991	17.6	24,469	559.3
7/1/01	33,741	157,494	123,753	21.4	24,598	503.1

Defined Contribution Pension Plan

The Town administers a defined contribution pension plan which was opened to new members and contributions beginning in 1999. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are vested after five years of service with the Town. Plan investments are reported at fair value. Benefits and contributions are established by the Town and may be amended by the Town Council and union negotiations.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the Plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, Connecticut 06105.

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$33,443,791 for the year ended June 30, 2008. This amount is significantly higher than prior year because the State of Connecticut increased the contribution significantly.

**Required Supplementary
Information**

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Current levy	\$ 132,757,674	\$ 132,757,674	\$ 133,328,458	\$ 570,784
Arrears	1,750,000	1,750,000	1,069,344	(680,656)
Interest and lien fees	962,000	962,000	1,042,983	80,983
Payments in lieu of taxes	215,220	215,220	225,762	10,542
Total property taxes	<u>135,684,894</u>	<u>135,684,894</u>	<u>135,666,547</u>	<u>(18,347)</u>
Intergovernmental revenues:				
State:				
Education equalization grant	20,095,747	20,095,747	19,747,849	(347,898)
School bond principal	2,929,672	2,929,672	3,035,952	106,280
School bond interest	388,386	388,386	467,025	78,639
Special education	1,000,000	1,000,000	1,551,145	551,145
Veterans' additional relief	121,169	121,169	174,159	52,990
Aid for the blind	57,600	57,600	66,189	8,589
In lieu of State property tax	331,659	331,659	302,039	(29,620)
Health and welfare	77,442	77,442	81,710	4,268
State disability exemption	7,700	7,700	9,006	1,306
Elderly exemption and circuit breaker	642,504	642,504	611,217	(31,287)
Elderly freeze	26,500	26,500	20,000	(6,500)
State transportation	542,079	542,079	513,123	(28,956)
State nonpublic transportation	64,052	64,052	59,470	(4,582)
State telephone 86-178	250,341	250,341	258,555	8,214
In lieu of boat tax	49,700	49,700	49,670	(30)
Manufacturing pilot grant	1,680,271	1,680,271	1,833,313	153,042
Airplane registration	38,400	38,400	43,760	5,360
Mashantucket grant	315,156	315,156	283,432	(31,724)
Total state	<u>28,618,378</u>	<u>28,618,378</u>	<u>29,107,614</u>	<u>489,236</u>
Federal:				
Civil preparedness	7,500	7,500	9,728	2,228
Federal grants	50,000	50,000	36,044	(13,956)
Total federal	<u>57,500</u>	<u>57,500</u>	<u>45,772</u>	<u>(11,728)</u>
Total intergovernmental revenues	<u>28,675,878</u>	<u>28,675,878</u>	<u>29,153,386</u>	<u>477,508</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Departmental revenues:				
Town Clerk	\$ 1,265,100	\$ 1,265,100	\$ 1,063,232	\$ (201,868)
Police Department	104,000	104,000	99,768	(4,232)
Planning and Zoning	78,500	78,500	50,888	(27,612)
Health Department	187,525	187,525	192,597	5,072
Education	76,000	76,000	126,854	50,854
Public Works	17,000	17,000	15,239	(1,761)
Finance	5,000	5,000	167,053	162,053
Recreation	184,900	184,900	220,672	35,772
Sanitation	295,962	295,962	313,422	17,460
Inland Wetlands	5,000	5,000	13,575	8,575
Baldwin Center	6,000	6,000	6,795	795
Total departmental revenues	<u>2,224,987</u>	<u>2,224,987</u>	<u>2,270,095</u>	<u>45,108</u>
Licenses and permits:				
Building permits	385,000	385,000	365,685	(19,315)
Boothe Memorial Park income	32,875	32,875	34,887	2,012
Building education training fee	1,400	1,400	181	(1,219)
Public Works licenses	3,200	3,200	1,650	(1,550)
Street and sewer permits	28,000	28,000	25,920	(2,080)
Total licenses and permits	<u>450,475</u>	<u>450,475</u>	<u>428,323</u>	<u>(22,152)</u>
Investment income	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,410,334</u>	<u>(89,666)</u>
Other:				
Miscellaneous rental:				
Cell tower rentals	61,884	61,884	64,829	2,945
Other Baldwin rental	5,500	5,500	4,911	(589)
Medicare reimbursement	77,362	77,362	57,581	(19,781)
Health reimbursements	1,463,088	1,463,088	1,470,465	7,377
Social Security reimbursements	322,188	322,188	329,594	7,406
Fire and liability reimbursements	241,805	241,805	220,269	(21,536)
Fire administration miscellaneous revenue			141	141
Medical examination reimbursements	25,000	25,000	33,295	8,295
Workers' compensation reimbursement	200,000	200,000	238,396	38,396
Workers' compensation recovery	15,000	15,000	59,000	44,000
Library refunds and reimbursements	10,111	10,111	15,093	4,982

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other (continued):				
Insurance recovery	\$ 8,000	\$ 8,000	\$ 9,512	\$ 1,512
Historic Commission fees	350	350	421	71
Capital Improvement Earnings			353,505	353,505
Donation			1,550	1,550
Plan forfeits	300	300	2,100	1,800
Police special duty - administration	51,000	51,000	86,782	35,782
Police special duty - reimbursement			1,389,749	1,389,749
Boothe Estates	65,700	65,700	67,542	1,842
Total other	<u>2,547,288</u>	<u>2,547,288</u>	<u>4,404,735</u>	<u>1,857,447</u>
 Total revenues	 171,083,522	 171,083,522	 173,333,420	 2,249,898
Other financing sources:				
Transfers in	<u>587,293</u>	<u>587,293</u>	<u>583,353</u>	<u>(3,940)</u>
 Total	 <u>\$ 171,670,815</u>	 <u>\$ 171,670,815</u>	 173,916,773	 <u>\$ 2,245,958</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

33,443,791

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

\$ 207,360,564

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Administration:				
Council Clerk	\$ 61,453	\$ 61,453	\$ 60,700	\$ 753
Office of the Mayor	245,930	245,930	244,113	1,817
Human resources	336,691	336,691	411,660	(74,969)
Town Attorney	1,018,896	1,018,896	1,608,104	(589,208)
Chief Administrative Officer	233,800	233,800	249,461	(15,661)
Department of Planning	298,434	298,434	316,496	(18,062)
Registrar of Voters	204,500	204,500	197,381	7,119
Town Clerk	365,892	365,892	342,737	23,155
Town buildings	563,393	563,393	624,110	(60,717)
Agencies	204,565	204,565	160,201	44,364
Total	<u>3,533,554</u>	<u>3,533,554</u>	<u>4,214,963</u>	<u>(681,409)</u>
Contingency	<u>3,322,268</u>	<u>3,322,268</u>	<u>2,533,571</u>	<u>788,697</u>
Employee benefits	<u>27,179,229</u>	<u>27,179,229</u>	<u>27,257,003</u>	<u>(77,774)</u>
Finance:				
Administration	143,481	143,481	156,733	(13,252)
Accounting	334,154	334,154	339,689	(5,535)
Data processing	354,073	354,073	393,903	(39,830)
Purchasing	123,960	123,960	135,096	(11,136)
Tax Assessor	433,087	433,087	371,193	61,894
Tax Collector	473,628	473,628	429,555	44,073
Total	<u>1,862,383</u>	<u>1,862,383</u>	<u>1,826,169</u>	<u>36,214</u>
Human development:				
Community services	179,515	179,515	180,103	(588)
Economic Community Development	134,041	134,041	140,746	(6,705)
Health Department	545,810	545,810	537,882	7,928
Recreation Department	651,012	651,012	677,839	(26,827)
Senior Services	552,131	552,131	577,631	(25,500)
Sterling House	112,945	112,945	112,945	-
Stratford Library Association	2,616,222	2,616,222	2,609,092	7,130
Visiting Nurses Association	53,500	53,500	53,500	-
Short Beach	141,605	141,605	137,396	4,209
Total	<u>4,986,781</u>	<u>4,986,781</u>	<u>5,027,134</u>	<u>(40,353)</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Physical development:				
Public works:				
Administration	\$ 900,505	\$ 900,505	\$ 1,112,221	\$ (211,716)
Building inspection	180,377	180,377	197,582	(17,205)
Building maintenance	1,148,751	1,148,751	1,240,653	(91,902)
Engineering	565,185	565,185	575,193	(10,008)
Parks	2,053,428	2,053,428	2,140,467	(87,039)
Highways	2,330,096	2,330,096	2,499,423	(169,327)
Town garage	716,584	716,584	713,200	3,384
Sanitation/refuse	4,198,271	4,198,271	4,129,998	68,273
Total	<u>12,093,197</u>	<u>12,093,197</u>	<u>12,608,737</u>	<u>(515,540)</u>
Public safety:				
Fire Department:				
Administration	827,689	827,689	855,066	(27,377)
Firefighting	8,712,389	8,712,389	9,293,238	(580,849)
Fire prevention	259,847	259,847	273,468	(13,621)
Police Department:				
Administration	1,067,068	1,067,068	1,183,482	(116,414)
Investigation	1,621,527	1,621,527	1,589,988	31,539
Patrol	5,794,355	5,794,355	7,052,570	(1,258,215)
Records	223,081	223,081	252,887	(29,806)
Traffic	638,805	638,805	532,934	105,871
Communications center	726,718	726,718	788,814	(62,096)
Total	<u>19,871,479</u>	<u>19,871,479</u>	<u>21,822,447</u>	<u>(1,950,968)</u>
Board of Education	<u>83,867,515</u>	<u>83,867,515</u>	<u>83,863,000</u>	<u>4,515</u>
Debt service:				
Bonds payable:				
Principal retirement	9,956,000	10,371,000	9,956,000	415,000
Interest	3,320,490	2,905,490	3,007,790	(102,300)
Total	<u>13,276,490</u>	<u>13,276,490</u>	<u>12,963,790</u>	<u>312,700</u>
Total expenditures	<u>169,992,896</u>	<u>169,992,896</u>	<u>172,116,814</u>	<u>(2,123,918)</u>
Other financing uses:				
Transfers out	<u>1,677,919</u>	<u>1,677,919</u>	<u>1,375,019</u>	<u>302,900</u>
Total	<u>\$ 171,670,815</u>	<u>\$ 171,670,815</u>	<u>173,491,833</u>	<u>\$ (1,821,018)</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			\$ 33,443,791	
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			(1,772,573)	
Other			<u>352,948</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u><u>205,515,999</u></u>	

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 17,223,935	\$ 11,843,944
Investments		1,949,232
Receivables, net	9,201,515	11,672,655
Due from other funds	<u>1,559,464</u>	<u>1,234,858</u>
Total Assets	<u>\$ 27,984,914</u>	<u>\$ 26,700,689</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 3,325,178	\$ 4,337,423
Accrued liabilities	935,936	813,006
Deferred revenue	8,121,210	10,841,079
Due to other funds	<u>3,913,469</u>	<u>864,625</u>
Total liabilities	<u>16,295,793</u>	<u>16,856,133</u>
Fund balance:		
Reserved	3,468,681	1,696,108
Unreserved	<u>8,220,440</u>	<u>8,148,448</u>
Total fund balance	<u>11,689,121</u>	<u>9,844,556</u>
Total Liabilities and Fund Balance	<u>\$ 27,984,914</u>	<u>\$ 26,700,689</u>

TOWN OF STRATFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

Grand List	Uncollected Taxes July 1, 2007	Current Levy	Lawful Corrections	Transfers To Suspense	Adjusted Taxes Collectible	Collections				Total Collected	Uncollected Taxes June 30, 2008
						Taxes Paid	Interest	Lien	Other		
2006	\$	\$ 135,332,949	\$ 1,211,866	\$	\$ 134,121,083	\$ 131,726,602	\$ 477,303	\$ 3,384	\$ 29,573	132,236,862	\$ 2,394,481
2005	2,060,804		39,607		2,021,197	1,567,209	338,728	8,427	16,022	1,930,386	453,988
2004	163,708		39,422		124,286	(213,109)	45,510	672	14,977	(151,950)	337,395
2003	712,674		1,843	632,184	78,647	41,252	24,788	384	6,246	72,670	37,395
2002	9,168		289		8,879	(683)	3,665	96	6	3,084	9,562
2001	134,161		675		133,486	2,763	7,650	48	1,778	12,239	130,723
2000	294,913		(216)		295,129	(1,070)	15,047	24	19	14,020	296,199
1999	97,825		96		97,729	13,948	5,200	48	3	19,199	83,781
1998	106,633				106,633	10,800	1,472	24	234	12,530	95,833
1997	131,170				131,170	10,593	7,544	24	244	18,405	120,577
1996	92,933		(112)		93,045	9,675	7,354	24		17,053	83,370
1995	56,751		(122)		56,873	9,645	8,420	24		18,089	47,228
1994	67,064		(104)		67,168	9,027	8,868	24		17,919	58,141
1993	67,479				67,479	8,898	9,729	24		18,651	58,581
1992	83,518				83,518	8,585	9,055	24		17,664	74,933
1991	107,902				107,902	(24)		24		-	107,926
	<u>\$ 4,186,703</u>	<u>\$ 135,332,949</u>	<u>\$ 1,293,244</u>	<u>\$ 632,184</u>	<u>\$ 137,594,224</u>	<u>\$ 133,204,111</u>	<u>\$ 970,333</u>	<u>\$ 13,275</u>	<u>\$ 69,102</u>	<u>\$ 134,256,821</u>	<u>\$ 4,390,113</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Permanent Funds

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

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

TOWN OF STRATFORD, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

Special Revenue Funds

	<u>School Lunch Program</u>	<u>Community Development</u>	<u>Education Federal and State Programs</u>	<u>Shellfish and Oysters</u>	<u>Counseling Center</u>	<u>Continuing Education</u>	<u>Redevelopment Agency</u>
Assets							
Cash and cash equivalents	\$ 402,517	\$ 21,376	\$ 69,203	\$ 56,859	\$ 52,146	\$ 130,398	\$ 400,412
Investments							
Accounts receivable		282,982					1,409
Intergovernmental	185,600	155,999	104,878				
Due from other funds					544		
Inventory	<u>24,203</u>						
Total Assets	<u>\$ 612,320</u>	<u>\$ 460,357</u>	<u>\$ 174,081</u>	<u>\$ 56,859</u>	<u>\$ 52,690</u>	<u>\$ 130,398</u>	<u>\$ 401,821</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 741,034	\$ 35,179	\$ 2,196	\$	\$ 1,594	\$	\$
Accrued liabilities		1,203					
Deferred revenue		282,982	171,885				
Due to other funds		<u>117,743</u>					
Total liabilities	<u>741,034</u>	<u>437,107</u>	<u>174,081</u>	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for inventory	24,203						
Unreserved and undesignated	<u>(152,917)</u>	<u>23,250</u>		<u>56,859</u>	<u>51,096</u>	<u>130,398</u>	<u>401,821</u>
Total fund balance	<u>(128,714)</u>	<u>23,250</u>	<u>-</u>	<u>56,859</u>	<u>51,096</u>	<u>130,398</u>	<u>401,821</u>
Total Liabilities and Fund Balances	<u>\$ 612,320</u>	<u>\$ 460,357</u>	<u>\$ 174,081</u>	<u>\$ 56,859</u>	<u>\$ 52,690</u>	<u>\$ 130,398</u>	<u>\$ 401,821</u>

(Continued on next page)

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

JUNE 30, 2008

	Special Revenue Funds						
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Dog	Town Aid Road	Senior Citizens
Assets							
Cash and cash equivalents	\$ 1,285,930	\$ 86,426	\$ 129,390	\$ 234,079	\$ 77,373	\$ 188,151	\$ 47,538
Investments							
Accounts receivable	4,896	129	180		78		103
Intergovernmental		71,685	4,161				
Due from other funds		18,111			1,853		914
Inventory							
Total Assets	\$ 1,290,826	\$ 176,351	\$ 133,731	\$ 234,079	\$ 79,304	\$ 188,151	\$ 48,555
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 34,930	\$ 15,766	\$ 22,371	\$ 21,100	\$ 3,259	\$ 64,965	\$ 2,595
Accrued liabilities	5,965	4,182	5,474	5,278	4,572		244
Deferred revenue		239,190	56,528				
Due to other funds	5,244		47,941	9,816			
Total liabilities	46,139	259,138	132,314	36,194	7,831	64,965	2,839
Fund balances:							
Reserved for inventory							
Unreserved and undesignated	1,244,687	(82,787)	1,417	197,885	71,473	123,186	45,716
Total fund balance	1,244,687	(82,787)	1,417	197,885	71,473	123,186	45,716
Total Liabilities and Fund Balances	\$ 1,290,826	\$ 176,351	\$ 133,731	\$ 234,079	\$ 79,304	\$ 188,151	\$ 48,555

(Continued on next page)

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

JUNE 30, 2008

Special Revenue Funds

	Police Special Services	Harbor Management	Recycling	Gas Pipeline	Sewer Maintenance	Reserve	Total
Assets							
Cash and cash equivalents	\$ 221,684	\$ 74,880	\$ 4,663	\$ 459,969	\$ 35,309		\$ 3,978,303
Investments							-
Accounts receivable				1,712			291,489
Intergovernmental							522,323
Due from other funds						581,575	602,997
Inventory							24,203
Total Assets	\$ 221,684	\$ 74,880	\$ 4,663	\$ 461,681	\$ 35,309	\$ 581,575	\$ 5,419,315
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$	\$ 4,486	\$	\$	\$ 24,047	\$	\$ 973,522
Accrued liabilities		1,158					28,076
Deferred revenue						581,575	1,332,160
Due to other funds		351					181,095
Total liabilities	-	5,995	-	-	24,047	581,575	2,514,853
Fund balances:							
Reserved for inventory							24,203
Unreserved and undesignated	221,684	68,885	4,663	461,681	11,262		2,880,259
Total fund balance	221,684	68,885	4,663	461,681	11,262	-	2,904,462
Total Liabilities and Fund Balances	\$ 221,684	\$ 74,880	\$ 4,663	\$ 461,681	\$ 35,309	\$ 581,575	\$ 5,419,315

(Continued on next page)

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

JUNE 30, 2008

	<u>Permanent Funds</u>					<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Stratford High School</u>	<u>Bunnell High School</u>	<u>Stephen Boothe</u>	<u>David Boothe</u>	<u>Total</u>		
Assets							
Cash and cash equivalents	\$ 286,420	\$ 80,417	\$ 73,046	\$ 224,068	\$ 663,951	\$ -	\$ 4,642,254
Investments			649,239	1,297,810	1,947,049		1,947,049
Accounts receivable					-		291,489
Intergovernmental					-		522,323
Due from other funds					-	(1,053)	601,944
Inventory					-		24,203
Total Assets	<u>\$ 286,420</u>	<u>\$ 80,417</u>	<u>\$ 722,285</u>	<u>\$ 1,521,878</u>	<u>\$ 2,611,000</u>	<u>\$ (1,053)</u>	<u>\$ 8,029,262</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,522
Accrued liabilities					-		28,076
Deferred revenue					-		1,332,160
Due to other funds					-	(1,053)	180,042
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,053)</u>	<u>2,513,800</u>
Fund balances:							
Reserved for inventory					-		24,203
Unreserved and undesignated	286,420	80,417	722,285	1,521,878	2,611,000		5,491,259
Total fund balance	<u>286,420</u>	<u>80,417</u>	<u>722,285</u>	<u>1,521,878</u>	<u>2,611,000</u>	<u>-</u>	<u>5,515,462</u>
Total Liabilities and Fund Balances	<u>\$ 286,420</u>	<u>\$ 80,417</u>	<u>\$ 722,285</u>	<u>\$ 1,521,878</u>	<u>\$ 2,611,000</u>	<u>\$ (1,053)</u>	<u>\$ 8,029,262</u>

TOWN OF STRATFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Revenues:							
Intergovernmental	\$ 951,250	\$ 797,206	\$ 3,246,129	\$	\$ 5,675	\$	\$
Departmental revenue	1,816,497			20,350		391,280	
Licenses and permits				1,225	1,453		13,004
Investment income					13,417		
Other		243					
Total revenues	<u>2,767,747</u>	<u>797,449</u>	<u>3,246,129</u>	<u>21,575</u>	<u>20,545</u>	<u>391,280</u>	<u>13,004</u>
Expenditures:							
Current:							
Education	2,945,763		3,246,129			348,765	
Human development					14,540		
Physical development		792,344					
Public safety							
Capital outlay							
Total expenditures	<u>2,945,763</u>	<u>792,344</u>	<u>3,246,129</u>	<u>-</u>	<u>14,540</u>	<u>348,765</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(178,016)</u>	<u>5,105</u>	<u>-</u>	<u>21,575</u>	<u>6,005</u>	<u>42,515</u>	<u>13,004</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(178,016)	5,105	-	21,575	6,005	42,515	13,004
Fund Balances at Beginning of Year	<u>49,302</u>	<u>18,145</u>	<u>-</u>	<u>35,284</u>	<u>45,091</u>	<u>87,883</u>	<u>388,817</u>
Fund Balances at End of Year	<u>\$ (128,714)</u>	<u>\$ 23,250</u>	<u>\$ -</u>	<u>\$ 56,859</u>	<u>\$ 51,096</u>	<u>\$ 130,398</u>	<u>\$ 401,821</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

Special Revenue Funds

	<u>Railroad Property</u>	<u>Miscellaneous Grants</u>	<u>Department of Children and Family Services</u>	<u>Recreation</u>	<u>Dog</u>	<u>Town Aid Road</u>	<u>Senior Citizens</u>
Revenues:							
Intergovernmental	\$	\$ 570,613	\$ 473,093	\$	\$	\$ 294,431	\$
Departmental revenue				415,754			90,827
Licenses and permits	302,111				24,168		
Investment income	41,653	3,329	2,476	8,173	799		1,271
Other						7,989	
Total revenues	<u>343,764</u>	<u>573,942</u>	<u>475,569</u>	<u>423,927</u>	<u>24,967</u>	<u>302,420</u>	<u>92,098</u>
Expenditures:							
Current:							
Education							
Human development	109,974	570,342					88,897
Physical development			731,654	393,123			
Public safety					178,457		
Capital outlay	178,787					376,761	
Total expenditures	<u>288,761</u>	<u>570,342</u>	<u>731,654</u>	<u>393,123</u>	<u>178,457</u>	<u>376,761</u>	<u>88,897</u>
Excess (Deficiency) of Revenues over Expenditures	<u>55,003</u>	<u>3,600</u>	<u>(256,085)</u>	<u>30,804</u>	<u>(153,490)</u>	<u>(74,341)</u>	<u>3,201</u>
Other Financing Sources (Uses):							
Transfers in			254,000		211,919		
Transfers out	(30,000)						
Total other financing sources (uses)	<u>(30,000)</u>	<u>-</u>	<u>254,000</u>	<u>-</u>	<u>211,919</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	25,003	3,600	(2,085)	30,804	58,429	(74,341)	3,201
Fund Balances at Beginning of Year	<u>1,219,684</u>	<u>(86,387)</u>	<u>3,502</u>	<u>167,081</u>	<u>13,044</u>	<u>197,527</u>	<u>42,515</u>
Fund Balances at End of Year	<u>\$ 1,244,687</u>	<u>\$ (82,787)</u>	<u>\$ 1,417</u>	<u>\$ 197,885</u>	<u>\$ 71,473</u>	<u>\$ 123,186</u>	<u>\$ 45,716</u>

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

Special Revenue Funds

	<u>Police Special Services</u>	<u>Harbor Management</u>	<u>Recycling</u>	<u>Gas Pipeline</u>	<u>Sewer Maintenance</u>	<u>Reserve</u>	<u>Total</u>
Revenues:							
Intergovernmental	\$ 122,743	\$ 22,118	\$	\$	\$	\$	\$ 6,483,258
Departmental revenue		42,680				397,480	3,174,868
Licenses and permits							326,279
Investment income	2,094	2,102		14,936	1,067		93,582
Other			2,445				24,094
Total revenues	<u>124,837</u>	<u>66,900</u>	<u>2,445</u>	<u>14,936</u>	<u>1,067</u>	<u>397,480</u>	<u>10,102,081</u>
Expenditures:							
Current:							
Education							6,540,657
Human development						397,480	1,181,233
Physical development		55,124					1,972,245
Public safety	12,723						191,180
Capital outlay		5,953					561,501
Total expenditures	<u>12,723</u>	<u>61,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,480</u>	<u>10,446,816</u>
Excess (Deficiency) of Revenues over Expenditures	<u>112,114</u>	<u>5,823</u>	<u>2,445</u>	<u>14,936</u>	<u>1,067</u>	<u>-</u>	<u>(344,735)</u>
Other Financing Sources (Uses):							
Transfers in							465,919
Transfers out							(30,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,919</u>
Net Change in Fund Balances	112,114	5,823	2,445	14,936	1,067	-	91,184
Fund Balances at Beginning of Year	<u>109,570</u>	<u>63,062</u>	<u>2,218</u>	<u>446,745</u>	<u>10,195</u>	<u>-</u>	<u>2,813,278</u>
Fund Balances at End of Year	<u>\$ 221,684</u>	<u>\$ 68,885</u>	<u>\$ 4,663</u>	<u>\$ 461,681</u>	<u>\$ 11,262</u>	<u>\$ -</u>	<u>\$ 2,904,462</u>

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TOWN OF STRATFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

Permanent Funds

	<u>Stratford High School</u>	<u>Bunnell High School</u>	<u>Stephen Boothe</u>	<u>David Boothe</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	-	\$	\$ 6,483,258
Departmental revenue					-		3,174,868
Licenses and permits					-		326,279
Investment income	12,150	3,270	(113,161)	(201,307)	(299,048)		(205,466)
Other	7,432	15,360			22,792		46,886
Total revenues	<u>19,582</u>	<u>18,630</u>	<u>(113,161)</u>	<u>(201,307)</u>	<u>(276,256)</u>	<u>-</u>	<u>9,825,825</u>
Expenditures:							
Current:							
Education	19,231	12,228	34,104	65,313	130,876		6,671,533
Human development					-		1,181,233
Physical development					-		1,972,245
Public safety					-		191,180
Capital outlay					-		561,501
Total expenditures	<u>19,231</u>	<u>12,228</u>	<u>34,104</u>	<u>65,313</u>	<u>130,876</u>	<u>-</u>	<u>10,577,692</u>
Excess (Deficiency) of Revenues over Expenditures	<u>351</u>	<u>6,402</u>	<u>(147,265)</u>	<u>(266,620)</u>	<u>(407,132)</u>	<u>-</u>	<u>(751,867)</u>
Other Financing Sources (Uses):							
Transfers in					-		465,919
Transfers out					-		(30,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,919</u>
Net Change in Fund Balances	351	6,402	(147,265)	(266,620)	(407,132)	-	(315,948)
Fund Balances at Beginning of Year	<u>286,069</u>	<u>74,015</u>	<u>869,550</u>	<u>1,788,498</u>	<u>3,018,132</u>	<u>-</u>	<u>5,831,410</u>
Fund Balances at End of Year	<u>\$ 286,420</u>	<u>\$ 80,417</u>	<u>\$ 722,285</u>	<u>\$ 1,521,878</u>	<u>\$ 2,611,000</u>	<u>\$ -</u>	<u>\$ 5,515,462</u>

**Capital Projects
Fund**

CAPITAL PROJECTS FUND

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

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

TOWN OF STRATFORD, CONNECTICUT

CAPITAL PROJECTS FUND

PROJECT COMBINING BALANCE SHEET

JUNE 30, 2008

	<u>Capital Improvements</u>	<u>Capital Special Projects</u>	<u>Sidewalk and Roads</u>	<u>Sewer Revolving</u>	<u>Water Hookup</u>	<u>Capital Equipment</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Assets								
Cash and cash equivalents	\$ 3,800,937	\$ 15,001,832	\$ 530	\$ 928,127	\$ 1,155	\$ 530,131	\$	\$ 20,262,712
Accounts receivable	13,697	58,238		3,590		2,003		77,528
Special assessments			6,397	442,875	46,724			495,996
Due from other funds	108,954			109,996		53,386	(108,954)	163,382
Total Assets	<u>\$ 3,923,588</u>	<u>\$ 15,060,070</u>	<u>\$ 6,927</u>	<u>\$ 1,484,588</u>	<u>\$ 47,879</u>	<u>\$ 585,520</u>	<u>\$ (108,954)</u>	<u>\$ 20,999,618</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 303,720	\$ 201,837	\$	\$	\$	\$ 9,216	\$	\$ 514,773
Deferred revenue			6,397	442,875	46,724			495,996
Bond anticipation notes	4,245,000							4,245,000
Due to other funds	476,956	2,847,480	16,511	134,400	218,686		(108,954)	3,585,079
Total liabilities	<u>5,025,676</u>	<u>3,049,317</u>	<u>22,908</u>	<u>577,275</u>	<u>265,410</u>	<u>9,216</u>	<u>(108,954)</u>	<u>8,840,848</u>
Fund balances:								
Unreserved and undesignated	(1,102,088)	12,010,753	(15,981)	907,313	(217,531)	576,304		12,158,770
Total Liabilities and Fund Balances	<u>\$ 3,923,588</u>	<u>\$ 15,060,070</u>	<u>\$ 6,927</u>	<u>\$ 1,484,588</u>	<u>\$ 47,879</u>	<u>\$ 585,520</u>	<u>\$ (108,954)</u>	<u>\$ 20,999,618</u>

TOWN OF STRATFORD, CONNECTICUT

CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Capital Improvements</u>	<u>Capital Special Projects</u>	<u>Sidewalk and Roads</u>	<u>Sewer Revolving</u>	<u>Water Hookup</u>	<u>Capital Equipment</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:								
Property taxes and assessments	\$	\$	\$ 3,323	\$ 102,472	\$ 5,979	\$	\$	\$ 111,774
Intergovernmental		342,054						342,054
Investment income	31,748	43,826	6	29,935	30	34		105,579
Total revenues	<u>31,748</u>	<u>385,880</u>	<u>3,329</u>	<u>132,407</u>	<u>6,009</u>	<u>34</u>	<u>-</u>	<u>559,407</u>
Expenditures:								
Capital outlay	<u>679,024</u>	<u>4,329,255</u>		<u>351</u>		<u>851,139</u>		<u>5,859,769</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(647,276)</u>	<u>(3,943,375)</u>	<u>3,329</u>	<u>132,056</u>	<u>6,009</u>	<u>(851,105)</u>	<u>-</u>	<u>(5,300,362)</u>
Other Financing Sources (Uses):								
Bond proceeds	10,795,000							10,795,000
Transfers in		14,444,803				1,620,047	(15,155,750)	909,100
Transfers out	<u>(15,155,750)</u>						<u>15,155,750</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,360,750)</u>	<u>14,444,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,620,047</u>	<u>-</u>	<u>11,704,100</u>
Net Change in Fund Balances	(5,008,026)	10,501,428	3,329	132,056	6,009	768,942	-	6,403,738
Fund Balances at Beginning of Year	<u>3,905,938</u>	<u>1,509,325</u>	<u>(19,310)</u>	<u>775,257</u>	<u>(223,540)</u>	<u>(192,638)</u>	<u>-</u>	<u>5,755,032</u>
Fund Balances at End of Year	<u>\$ (1,102,088)</u>	<u>\$ 12,010,753</u>	<u>\$ (15,981)</u>	<u>\$ 907,313</u>	<u>\$ (217,531)</u>	<u>\$ 576,304</u>	<u>\$ -</u>	<u>\$ 12,158,770</u>

Enterprise Funds

ENTERPRISE FUNDS

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

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

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

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

TOWN OF STRATFORD, CONNECTICUT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Emergency Medical Services</u>	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 249,097	\$ 106,534	\$ 301	\$ 355,932
Receivables:				
Accounts receivable, net	549,568	168		549,736
Due from other funds	<u>2,100,000</u>			<u>2,100,000</u>
Total current assets	<u>2,898,665</u>	<u>106,702</u>	<u>301</u>	<u>3,005,668</u>
Capital assets:				
Assets not being depreciated	18,100			18,100
Assets being depreciated, net	<u>375,481</u>	<u>477,453</u>	<u>83,009</u>	<u>935,943</u>
Total capital assets	<u>393,581</u>	<u>477,453</u>	<u>83,009</u>	<u>954,043</u>
Total assets	<u>3,292,246</u>	<u>584,155</u>	<u>83,310</u>	<u>3,959,711</u>
Liabilities:				
Current:				
Accounts payable	42,990	18,290	13	61,293
Accrued wages	7,543	4,933		12,476
Unearned revenue		2,067		2,067
Due to other funds	6,323	3,594	18,826	28,743
Bonds payable	94,114			94,114
Compensated absences	<u>21,085</u>	<u>7,000</u>		<u>28,085</u>
Total current liabilities	<u>172,055</u>	<u>35,884</u>	<u>18,839</u>	<u>226,778</u>
Noncurrent liabilities:				
Bonds payable	2,005,886			2,005,886
Compensated absences	<u>24,760</u>	<u>21,000</u>		<u>45,760</u>
Total noncurrent liabilities	<u>2,030,646</u>	<u>21,000</u>	<u>-</u>	<u>2,051,646</u>
Total liabilities	<u>2,202,701</u>	<u>56,884</u>	<u>18,839</u>	<u>2,278,424</u>
Net Assets:				
Invested in capital assets, net of related debt	393,581	477,453	83,009	954,043
Unrestricted	<u>695,964</u>	<u>49,818</u>	<u>(18,538)</u>	<u>727,244</u>
Total Net Assets	<u>\$ 1,089,545</u>	<u>\$ 527,271</u>	<u>\$ 64,471</u>	<u>\$ 1,681,287</u>

TOWN OF STRATFORD, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Emergency Medical Services</u>	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 1,456,665	\$ 321,078	\$ 2,139	\$ 1,779,882
Operating Expenses:				
Operating and maintenance	932,459	380,542	6,310	1,319,311
Depreciation	<u>58,400</u>	<u>60,229</u>	<u>11,068</u>	<u>129,697</u>
Total operating expenses	<u>990,859</u>	<u>440,771</u>	<u>17,378</u>	<u>1,449,008</u>
Operating Income (Loss)	465,806	(119,693)	(15,239)	330,874
Nonoperating Revenues:				
Interest income	<u>13,798</u>	<u>5,938</u>	<u> </u>	<u>19,736</u>
Income (Loss) Before Transfers	479,604	(113,755)	(15,239)	350,610
Transfers:				
Transfers out	<u>(318,345)</u>	<u> </u>	<u>(1,000)</u>	<u>(319,345)</u>
Change in Net Assets	161,259	(113,755)	(16,239)	31,265
Net Assets at Beginning of Year	<u>928,286</u>	<u>641,026</u>	<u>80,710</u>	<u>1,650,022</u>
Net Assets at End of Year	<u>\$ 1,089,545</u>	<u>\$ 527,271</u>	<u>\$ 64,471</u>	<u>\$ 1,681,287</u>

TOWN OF STRATFORD, CONNECTICUT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Emergency Medical Services</u>	<u>Short Beach Golf Course</u>	<u>Miniature Golf Course</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 1,433,850	\$ 321,593	\$ 2,139	\$ 1,757,582
Cash payments to suppliers	(378,655)	(151,172)	(370)	(530,197)
Cash payments to employees	(570,459)	(222,436)	(6,373)	(799,268)
Payments for interfund services used	<u>(2,414,799)</u>	<u>(989)</u>	<u>(8,727)</u>	<u>(2,424,515)</u>
Net cash used in operating activities	<u>(1,930,063)</u>	<u>(53,004)</u>	<u>(13,331)</u>	<u>(1,996,398)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers to other funds	<u>(318,345)</u>	<u> </u>	<u>(1,000)</u>	<u>(319,345)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from bonds	2,100,000			2,100,000
Purchase of capital assets	<u>(22,222)</u>			<u>(22,222)</u>
Net cash provided by capital and related financing activities	<u>2,077,778</u>	<u>-</u>	<u>-</u>	<u>2,077,778</u>
Cash Flows from Investing Activities:				
Interest revenues	<u>13,798</u>	<u>5,938</u>		<u>19,736</u>
Net Decrease in Cash and Cash Equivalents	(156,832)	(47,066)	(14,331)	(218,229)
Cash and Cash Equivalents at Beginning of Year	<u>405,929</u>	<u>153,600</u>	<u>14,632</u>	<u>574,161</u>
Cash and Cash Equivalents at End of Year	<u>\$ 249,097</u>	<u>\$ 106,534</u>	<u>\$ 301</u>	<u>\$ 355,932</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Used in Operating Activities:				
Operating income (loss)	\$ 465,806	\$ (119,693)	\$ (15,239)	\$ 330,874
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation	58,400	60,229	11,068	129,697
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(22,815)	500		(22,315)
Increase (decrease) in accrued expenses	(16,655)	6,949	(433)	(10,139)
Increase (decrease) in due to other funds	<u>(2,414,799)</u>	<u>(989)</u>	<u>(8,727)</u>	<u>(2,424,515)</u>
Net Cash Used in Operating Activities	<u>\$ (1,930,063)</u>	<u>\$ (53,004)</u>	<u>\$ (13,331)</u>	<u>\$ (1,996,398)</u>

Fiduciary Fund

FIDUCIARY FUND

Agency Fund

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

TOWN OF STRATFORD, CONNECTICUT

AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>381,815</u>	\$ <u>1,729,210</u>	\$ <u>1,807,569</u>	\$ <u>303,456</u>
Liabilities:				
Due to student groups	\$ <u>381,815</u>	\$ <u>1,729,210</u>	\$ <u>1,807,569</u>	\$ <u>303,456</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF STRATFORD, CONNECTICUT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
Governmental activities:							
Invested in capital assets, net of related debt	\$ 51,011	\$ 51,351	\$ 43,229	\$ 38,060	\$ 41,507	\$ 41,507	\$ 36,685
Restricted	2,611	3,018	2,771				
Unrestricted	(35,633)	(42,043)	(34,058)	(22,914)	(28,260)	(28,260)	(15,118)
Total governmental activities net assets	<u>17,989</u>	<u>12,326</u>	<u>11,942</u>	<u>15,146</u>	<u>13,247</u>	<u>13,247</u>	<u>21,567</u>
Business-type activities:							
Invested in capital assets, net of related debt	29,187	37,156	16,638	14,657	13,426	13,426	13,670
Unrestricted	6,419	(9,414)	6,936	8,730	6,837	6,837	6,501
Total business-type activities net assets	<u>35,606</u>	<u>27,742</u>	<u>23,574</u>	<u>23,387</u>	<u>20,263</u>	<u>20,263</u>	<u>20,171</u>
70 Total:							
Invested in capital assets, net of related debt	80,198	88,507	59,867	52,717	54,933	54,934	50,355
Restricted	2,611	3,018	2,771				
Unrestricted	<u>(29,214)</u>	<u>(51,457)</u>	<u>(27,122)</u>	<u>(14,184)</u>	<u>(21,423)</u>	<u>(21,423)</u>	<u>(8,617)</u>
Total Net Assets	<u>\$ 53,595</u>	<u>\$ 40,068</u>	<u>\$ 35,516</u>	<u>\$ 38,533</u>	<u>\$ 33,510</u>	<u>\$ 33,511</u>	<u>\$ 41,738</u>

Notes:

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

TOWN OF STRATFORD, CONNECTICUT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Governmental activities:							
General government	\$ (32,424)	\$ (33,510)	\$ (33,698)	\$ (11,164)	\$ (11,569)	\$ (7,862)	\$ (7,639)
Human development	(6,426)	(6,628)	(7,671)	(7,993)	(7,771)	(6,758)	(6,666)
Physical development	(15,742)	(15,483)	(17,331)	(16,078)	(16,501)	(16,262)	(15,504)
Public safety	(22,943)	(21,777)	(20,302)	(23,735)	(21,713)	(19,387)	(19,162)
Education	(123,854)	(91,018)	(89,072)	(100,201)	(92,120)	(86,380)	(84,369)
Debt service	(7,588)	(7,605)	(7,049)	(7,859)	(9,792)	(11,053)	(10,184)
Total governmental activities expenses	<u>(208,977)</u>	<u>(176,021)</u>	<u>(175,123)</u>	<u>(167,030)</u>	<u>(159,466)</u>	<u>(147,702)</u>	<u>(143,524)</u>
Business-type activities:							
Waste Operating	(5,624)	(3,842)	(4,473)	(4,512)	(4,582)	(4,349)	(4,002)
Other	(1,449)	(2,755)	(1,504)	(1,290)	(622)	(417)	(371)
Total business-type activities	<u>(7,073)</u>	<u>(6,597)</u>	<u>(5,977)</u>	<u>(5,802)</u>	<u>(5,204)</u>	<u>(4,766)</u>	<u>(4,373)</u>
Total Expenses	<u>(216,050)</u>	<u>(182,618)</u>	<u>(181,100)</u>	<u>(172,832)</u>	<u>(164,670)</u>	<u>(152,468)</u>	<u>(147,897)</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	1,646	8,994	7,329	4,742	4,825	3,693	4,061
Human Development	4,376						
Physical Development	448						
Public Safety	2,072						
Education	2,208						
Operating grants and contributions	61,968	28,496	30,325	28,380	22,528	24,526	25,876
Capital grants and contributions	109	1,027	966	6,361	5,997	6,099	3,642
Total governmental activities program revenues	<u>72,827</u>	<u>38,517</u>	<u>38,620</u>	<u>39,483</u>	<u>33,350</u>	<u>34,318</u>	<u>33,579</u>
Business-type activities:							
Charges for services	8,182	7,836	6,850	7,232	5,298	4,781	4,759
Capital grants and contributions	7,031	2,755	1,365	1,328	73	184	
Total business-type activities program revenues	<u>15,213</u>	<u>10,591</u>	<u>8,215</u>	<u>8,560</u>	<u>5,371</u>	<u>4,965</u>	<u>4,759</u>
Total Primary Government Program Revenues	<u>88,040</u>	<u>49,108</u>	<u>46,835</u>	<u>48,043</u>	<u>38,721</u>	<u>39,283</u>	<u>38,338</u>
Net revenues (expenses):							
Governmental activities	(136,150)	(137,504)	(136,503)	(127,547)	(126,116)	(113,384)	(109,945)
Business-type activities	8,140	3,994	2,238	2,758	167	199	386
Total Net Expense	<u>(128,010)</u>	<u>(133,510)</u>	<u>(134,265)</u>	<u>(124,789)</u>	<u>(125,949)</u>	<u>(113,185)</u>	<u>(109,559)</u>
General Revenues and Other Changes in Net Assets:							
Governmental activities:							
Property taxes	135,680	128,772	120,955	118,321	112,580	106,081	100,780
Grants and contributions not restricted to specific purposes	4,269	6,170	3,099	3,948	3,912	1,086	3,355
Unrestricted investment earnings	1,311	2,719	5,939	8,989	7,839	2,940	(3,669)
Transfers	553	229	223				
Total governmental activities	<u>141,813</u>	<u>137,890</u>	<u>130,216</u>	<u>131,258</u>	<u>124,331</u>	<u>110,107</u>	<u>100,466</u>
Business-type activities:							
Property transfer			281		27		
Unrestricted investment earnings	277	402				(107)	(92)
Grants and contributions not restricted			(1,066)	172			
Funding reimbursement							
Transfers	(553)	(229)	(223)				
Total business-type activities	<u>(276)</u>	<u>173</u>	<u>(1,008)</u>	<u>172</u>	<u>27</u>	<u>(107)</u>	<u>(92)</u>
Total Primary Government General Revenues	<u>141,537</u>	<u>138,063</u>	<u>129,208</u>	<u>131,430</u>	<u>124,358</u>	<u>110,000</u>	<u>100,374</u>
Changes in Net Assets:							
Governmental activities	5,663	386	(6,287)	3,711	(1,785)	(3,277)	(9,479)
Business-type activities	7,864	4,167	1,230	2,930	194	92	294
Total Primary Government Changes in Net Assets	<u>\$ 13,527</u>	<u>\$ 4,553</u>	<u>\$ (5,057)</u>	<u>\$ 6,641</u>	<u>\$ (1,591)</u>	<u>\$ (3,185)</u>	<u>\$ (9,185)</u>

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

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

TOWN OF STRATFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund:										
Reserved	\$ 3,469	\$ 1,696	\$ 1,017	\$ 665	\$ 1,056	\$ 901	\$ 455	\$ 604	\$ 420	\$ 729
Unreserved	<u>8,220</u>	<u>8,148</u>	<u>7,232</u>	<u>8,347</u>	<u>8,822</u>	<u>7,972</u>	<u>11,313</u>	<u>10,872</u>	<u>12,745</u>	<u>12,655</u>
Total General Fund	<u>\$ 11,689</u>	<u>\$ 9,844</u>	<u>\$ 8,249</u>	<u>\$ 9,012</u>	<u>\$ 9,878</u>	<u>\$ 8,873</u>	<u>\$ 11,768</u>	<u>\$ 11,476</u>	<u>\$ 13,165</u>	<u>\$ 13,384</u>
All other governmental funds:										
Reserved	\$ 24	\$ 24	\$ 106,715	\$ 104,901	\$ 98,936	\$ 90,761	\$ 88,823	\$ 143,389	\$ 159,350	\$ 149,855
Unreserved, reported in:										
Special revenue funds	2,880	2,790	2,586	2,323	2,441		1,078	2,354	2,492	2,304
Capital projects funds	12,159	5,755	9,194	10,925	7,110	7,890	11,721	7,132	4,444	12,287
Permanent funds	<u>2,611</u>	<u>3,018</u>	<u>2,771</u>	<u>2,762</u>	<u>2,771</u>		<u>2,791</u>			
Total All Other Governmental Funds	<u>\$ 17,674</u>	<u>\$ 11,587</u>	<u>\$ 121,266</u>	<u>\$ 120,911</u>	<u>\$ 111,258</u>	<u>\$ 98,651</u>	<u>\$ 104,413</u>	<u>\$ 152,875</u>	<u>\$ 166,286</u>	<u>\$ 164,446</u>

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

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Property taxes and assessments	\$ 135,778	\$ 131,776	\$ 121,853	\$ 119,024	\$ 113,157	\$ 106,913	\$ 101,665	\$ 94,650	\$ 90,128	\$ 87,271
Intergovernmental	69,422	36,908	36,955	35,685	33,250	30,369	29,511	29,846	28,898	24,966
Department revenue	5,445	5,452	5,362	5,186	4,484	3,584	3,558	3,484	3,285	2,864
Licenses and permits	755	895	794	883	683	676	658	464	343	340
Investment income	1,310	2,838	5,939	7,528	7,987	2,952	(3,666)	801	19,916	14,891
Other	4,452	3,990	3,125	4,683	4,394	1,819	3,050	629	810	2,163
Total revenues	<u>217,162</u>	<u>181,859</u>	<u>174,028</u>	<u>172,989</u>	<u>163,955</u>	<u>146,313</u>	<u>134,776</u>	<u>129,874</u>	<u>143,380</u>	<u>132,495</u>
Expenditures:										
Administration	4,207	3,566	3,403	3,057	3,512	3,068	3,500	3,132	3,154	2,681
Contingency	2,545	3,212	3,499	3,883	3,315	2,848	2,899	2,299	2,500	2,191
Employee benefits	18,522	122,928	17,109	14,577	12,292	7,780	11,133	9,111	8,242	7,686
Finance	1,825	1,729	1,731	1,828	1,523	1,456	1,353	1,271	1,487	1,502
Human development	6,184	6,310	7,008	9,181	6,729	5,964	5,789	5,382	5,350	5,151
Physical development	14,557	13,361	11,417	12,015	10,828	11,720	11,330	11,184	11,366	10,510
Public safety	22,001	21,148	19,668	18,721	18,153	16,777	16,427	15,920	15,794	14,635
Education	122,241	90,911	86,860	78,751	76,367	74,102	72,495	68,670	65,736	62,358
Capital outlay	6,421	5,825	10,953	11,993	7,760	6,372	9,346	11,254	11,888	17,272
Debt service:										
Principal retirement	14,506	12,536	12,190	12,520	13,463	19,190	10,693	9,719	6,607	5,869
Interest and other charges	7,569	8,646	7,563	8,390	8,607	9,059	9,889	10,807	13,199	5,663
Total expenditures	<u>220,578</u>	<u>290,172</u>	<u>181,401</u>	<u>174,916</u>	<u>162,549</u>	<u>158,336</u>	<u>154,854</u>	<u>148,749</u>	<u>145,323</u>	<u>135,518</u>
Excess of revenue over (under) expenditures	<u>(3,416)</u>	<u>(108,313)</u>	<u>(7,373)</u>	<u>(1,927)</u>	<u>1,406</u>	<u>(12,023)</u>	<u>(20,078)</u>	<u>(18,875)</u>	<u>(1,943)</u>	<u>(3,023)</u>
Other financing sources (uses):										
Appropriation of fund balance										
Transfers in	1,958	1,747	902			603	564	2,471	376	549
Transfers out	(1,405)	(1,518)	(678)			(603)	(564)	(2,397)	(309)	(481)
Proceeds from capital leases			42			52	23	87	159	51
Payments to escrow agents						(44,013)	(9,636)			
Proceeds from refunding bonds						43,130	9,445			
Premiums on refunding						1,264				
Bonds issued	10,795		7,365	11,105	5,100	8,980	8,935	8,320	1,725	113,425
Total other financing sources (uses)	<u>11,348</u>	<u>229</u>	<u>7,631</u>	<u>11,105</u>	<u>5,100</u>	<u>9,413</u>	<u>8,767</u>	<u>8,481</u>	<u>1,951</u>	<u>113,544</u>
Net Change in Fund Balances	<u>\$ 7,932</u>	<u>\$ (108,084)</u>	<u>\$ 258</u>	<u>\$ 9,178</u>	<u>\$ 6,506</u>	<u>\$ (2,610)</u>	<u>\$ (11,311)</u>	<u>\$ (10,394)</u>	<u>\$ 8</u>	<u>\$ 110,521</u>
Debt service as a percentage of noncapital expenditures	<u>10.3%</u>	<u>7.4%</u>	<u>11.6%</u>	<u>12.8%</u>	<u>14.3%</u>	<u>18.6%</u>	<u>14.1%</u>	<u>14.9%</u>	<u>14.8%</u>	<u>9.8%</u>

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

TOWN OF STRATFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Grand List Year	Real Property		Personal Property	Motor Vehicle	Vacant Land	Tax Exempt Property [Exemptions*]	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial						
2008	2006	\$ 3,323,193,180	\$ 650,204,740	\$ 296,714,314	\$ 294,560,508	\$ 67,585,710	\$ 104,668,686	\$ 4,527,589,766	70%
2007	2005	3,307,865,590	653,674,920	304,253,994	293,947,103	63,421,950	70,848,094	4,552,315,463	70%
2006	2004	3,291,364,190	647,876,030	312,927,968	278,500,870	64,346,170	112,273,550	4,595,015,228	70%
2005	2003	2,119,464,040	546,675,090	284,056,665	259,928,790	35,716,600	79,465,680	3,245,841,185	70%
2004	2002	2,111,433,600	547,581,080	284,772,466	269,342,755	36,138,900	161,340,480	3,249,268,801	70%
2003	2001	2,104,057,340	563,438,890	285,014,372	260,897,675	36,337,490	250,205,500	3,249,745,767	70%
2002	2000	2,098,617,165	557,415,790	280,349,201	253,957,285	30,788,790	99,688,440	3,221,128,231	70%
2001	1999	1,712,013,310	499,232,450	281,034,617	240,767,720	39,462,090	101,113,030	2,772,510,187	70%
2000	1998	1,702,693,190	493,816,020	272,723,315	219,677,657	40,305,460	99,437,348	2,729,215,642	70%
1999	1997	1,695,947,910	487,137,200	275,290,660	208,971,488	43,547,530	103,791,735	2,710,894,788	70%

Source: Town of Stratford, Office of Tax Assessor

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

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

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

2006 AND 1997

	October 1, 2006			October 1, 1997		
	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
Sikorsky Aircraft	\$ 168,335	1	3.72%	\$ 140,406	1	5.39%
The Dock (Urstadt Biddle Prop)	22,369	2	.49%	16,897	3	.65%
Stonybrook Gardens Cooperative	19,110	3	.42%	12,895	7	.49%
Home Depot	16,922	4	.37%			
Wal-Mart	16,730	5	.37%			
Kramont Operating Partnership	16,520	6	.37%			
Southern Connecticut Gas	16,448	7	.36%			
Exxon/Mobil	15,164	8	.34%	17,415	2	.67%
Merritt 8 Acquisitions, LLC	12,409	9	.27%			
United Illuminating	12,180	10	.27%	13,652	5	.52%
UB Railside LLC (Urstadt Biddle Prop)	11,970	11	.26%			
Motiva Enterprises, LLC	10,360	12	.23%			
Ashcroft Inc. / FKA Dresser Industries	9,912	13	.22%	13,068	6	.50%
Stratford Land Development	9,178	14	.20%			
Aptar Group , Inc. DBA	9,114	15	.20%			
Dictaphone				16,150	4	.62%
William B. Meyer				12,220	8	.47%
YCP Merritt LP				9,992	9	.38%
Kranzco Realty Trust				9,223	10	.35%
Total	\$ 366,721		8.10%	261,918		10.04%

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
	General Obligation Bonds	Leases	Operating	Notes			
2008	\$ 139,360	\$ 13	\$ 2,370	\$ 3,427	\$ 145,170	3.19 %	\$ 3
2007	143,071	26	599	1,963	145,659	3.17	3
2006	155,782	39	893	2,208	158,922	3.46	3
2005	161,078	21	1,187	2,449	164,735	5.07	3
2004	162,618	28	1,352	*	163,998	5.18	3
2003	170,790	58	1,515	*	172,363	5.30	3
2002	179,035	82	1,760	*	180,877	5.62	4
2001	176,574	149	2,136	*	178,859	6.45	4
2000	174,293	160	2,507	*	176,960	6.48	4
1999	168,901	172	2,870	*	171,943	6.34	3

TOWN OF STRATFORD, CONNECTICUT
COMPUTATION OF LEGAL DEBT LIMITATION

JUNE 30, 2008
(In Thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2008					\$	134,257
Reimbursement for revenue loss on:						
Tax relief for elderly						<u>20</u>
BASE					\$	<u>134,277</u>
	<u>General</u>		<u>Schools</u>		<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>				<u>Renewal</u>	<u>Deficit</u>
Debt limitation:						
2-1/4 times base	\$	302,123	\$		\$	
4-1/2 times base				604,247		
3-3/4 times base				503,539		
3-1/4 times base					436,400	
3 times base						402,831
		<u>302,123</u>		<u>604,247</u>		<u>402,831</u>
Total debt limitation		<u>302,123</u>		<u>604,247</u>		<u>402,831</u>
Indebtedness:						
Bonds payable		38,400		37,915		270
Bonds authorized, unissued		5,954		692		63,900
Clean Water Fund notes						3,427
Grant commitments				(4,888)		(14,590)
		<u>44,354</u>		<u>33,719</u>		<u>53,007</u>
Total indebtedness		<u>44,354</u>		<u>33,719</u>		<u>53,007</u>
Debt Limitation in Excess of Outstanding and Authorized Indebtedness	\$	<u>257,769</u>	\$	<u>570,528</u>	\$	<u>450,532</u>
					\$	<u>436,400</u>
					\$	<u>337,686</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$940.0 million).

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

TOWN OF STRATFORD, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limitation	\$ 939,939	\$ 919,149	\$ 849,478	\$ 818,526	\$ 790,418	\$ 741,509	\$ 706,884	\$ 659,709	\$ 629,118	\$ 612,017
Total net debt applicable to limit	<u>196,225</u>	<u>189,828</u>	<u>200,093</u>	<u>218,272</u>	<u>171,384</u>	<u>178,510</u>	<u>202,907</u>	<u>197,133</u>	<u>198,822</u>	<u>202,906</u>
Legal Debt Margin	<u>\$ 743,714</u>	<u>\$ 729,321</u>	<u>\$ 649,385</u>	<u>\$ 600,254</u>	<u>\$ 619,034</u>	<u>\$ 562,999</u>	<u>\$ 503,977</u>	<u>\$ 462,576</u>	<u>\$ 430,296</u>	<u>\$ 409,111</u>
Total net debt applicable to the limit as a percentage of debt limit	20.88%	20.65%	23.55%	26.67%	21.68%	24.07%	28.70%	29.88%	31.60%	33.15%

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

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

TOWN OF STRATFORD, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate(5)</u>
2008	49,976	\$ 27,000	40.3	7,534	5.5%
2007	49,976	27,000	40.3	7,505	4.5%
2006	49,976	27,000	40.3	7,483	4.5%
2005	49,976	27,000	40.3	7,571	5.3%
2004	49,976	27,000	40.3	7,673	5.4%
2003	49,976	27,000	40.3	7,606	6.4%
2002	49,976	27,000	40.3	7,453	4.9%
2001	49,976	27,000	40.3	7,382	3.9%
2000	49,976	27,000	40.3	7,284	2.5%
1999	49,389	19,000	39.0	7,072	3.4%

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

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

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

(4) Source: Town of Stratford, BOE

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

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL EMPLOYERS

JUNE 30, 2008

Employer	Nature of Business	Employees
Sikorsky Aircraft	Manufacturer of Helicopters	8,300
Town of Stratford	Government/Education	1,400
Stratford Retailer Condo Assoc.	Retail Chains	569
Ashcroft Holdings	Manufacturer of Gauges	475
United Parcel Service	Package Delivery	415
Dianon Systems Inc.	Lab Testing	385
Lord Chamberlain	Skilled Nursing Facility	360
Cablevision	Telecommunications	300
Walmart	Consumer Goods	280
Applied Tech Products (ATP)	Health and Beauty Care	267
Bridgeport Fittings	Manufacturer of Electrical Fittings	258
Emsar	Manufacturer of Pump Atomizers	253
AT&T	Telecommunications	250
Connecticut Distributors	Liquor Distributors	238
Stop & Shop	Grocery Products	194
William B. Meryer	Moving, Storage and Rigging	185
Home Depot	Home/Garden/Repair Goods	160
Aurora Products	Dried Fruit Packaging	150
Shaws	Grocery Products	129

TOWN OF STRATFORD, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT NON-EDUCATION EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30, 2008

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government	75	71	96	82	94	86	83	85	89	82
Police	111	112	119	117	113	113	112	116	115	116
Fire	111	117	96	99	97	99	98	99	93	94
Refuse collection	33	33	30	28	30	30	28	31	30	30
Other public works	76	77	64	69	66	60	64	63	67	70
Parks and recreation	32	34	26	26	27	25	27	28	26	23
Library	<u>26</u>	<u>29</u>	<u>26</u>	<u>28</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>27</u>	<u>28</u>
Total	<u>464</u>	<u>473</u>	<u>457</u>	<u>449</u>	<u>455</u>	<u>442</u>	<u>442</u>	<u>452</u>	<u>447</u>	<u>443</u>

Source:

Town of Stratford, Human Resource Department

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

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Building permits issued	690	760	898	869	835	729	683	558	619	579
Building inspections conducted	3,475	2,947	2,964	2,868	2,845	2,406	2,254	1,845	2,043	1,911
Police:										
Physical arrests	1,363	1,483	1,142	1,338	1,433	1,382	1,321	1,350	1,515	1,696
Parking violations	994	665	n/a	505	1,086	999	838	853	911	1,139
Traffic violations	3,611	3,033	2,891	3,043	3,712	3,557	3,474	2,898	3,699	3,247
Fire:										
Emergency responses	5,196	5,146	5,098	4,569	4,693	4,410	4,325	1,605		
Fires extinguished	367	325	148	205	237	204				
Inspections	1,111	1,112	595	625	751	685				
Refuse collection:										
Refuse collected (tons per year)	27,073	27,615	27,054	27,445	26,529	25,828	24,522	24,599	22,447	22,885
Recyclables collected (tons per year)	4,047	4,079	4,192	4,228	4,412	4,441	4,493	4,934	4,947	4,865
Parks and recreation:										
Athletic field permits issued	9,437	8,939	10,003	9,406	6,657	6,375	6,225	6,225	6,175	6,577
Community center admissions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Library:										
Volumes in collection (books and serials)	168,707	148,245	149,961	148,475	149,257	150,529	150,747	152,498	140,385	151,238
Volumes in collection (all other items)	18,100	16,837	15,375	14,821	13,163	12,782	11,551	10,329	7,286	4,931
Total volumes borrowed (books and serials)	278,624	236,528	246,455	253,909	262,834	254,896	235,648	215,682	205,714	282,109
Total volumes borrowed (all other items)	138,373	173,237	171,788	168,124	186,973	187,432	150,795	107,606	61,963	64,856
Wastewater:										
Average daily sewage treatment (thousands of gallons)	9,290	7,690	8,250	7,360	7,500	6,720	6,710	7,300	8,780	7,390

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

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units (Number of Vehicles)	28	25	19	19	18	18	18	18	18	18
Fire stations	4	4	4	4	4	4	4	4	4	4
Refuse collection:										
Refuse collection trucks	4	4	4	4	4	4	4	4	4	4
Recycling collection trucks	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Acreage	774	774	774	774	774	746	746	746	746	746
Playgrounds	23	23	28	28	28	28	28	26	26	26
Baseball/softball diamonds	45	45	48	48	48	48	48	48	47	47
Soccer/football fields	13	13	9	9	9	9	9	8	7	7
Community centers	2	2	2	2	2	2	2	1	1	1
Wastewater:										
Sanitary sewers (miles)	200	200	200	200	200	200	200	200	200	200
Storm sewers (miles)	125	125	125	125	125	125	125	125	125	125
Treatment capacity (thousands of gallons)	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500

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Sources:

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