

**TOWN OF STRATFORD,
CONNECTICUT**



**Comprehensive
Annual Financial Report
Fiscal Year Ended June 30, 2015**

Comprehensive Annual Financial Report

of the

Town of Stratford, Connecticut

Fiscal Year Ended June 30, 2015

Finance Department
Susan Collier
Finance Director

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Introductory Section

TOWN OF STRATFORD, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

John A. Harkins, Mayor

TOWN COUNCIL

Joseph Kubic, Council Chair
Peter Massey
Matthew P. Catalano
Stephanie D. Philips
Jason W. Santi
Brian Dempsey
Kenneth Poisson
Gavin Forrester
James J. Connor
Paul Hoydick

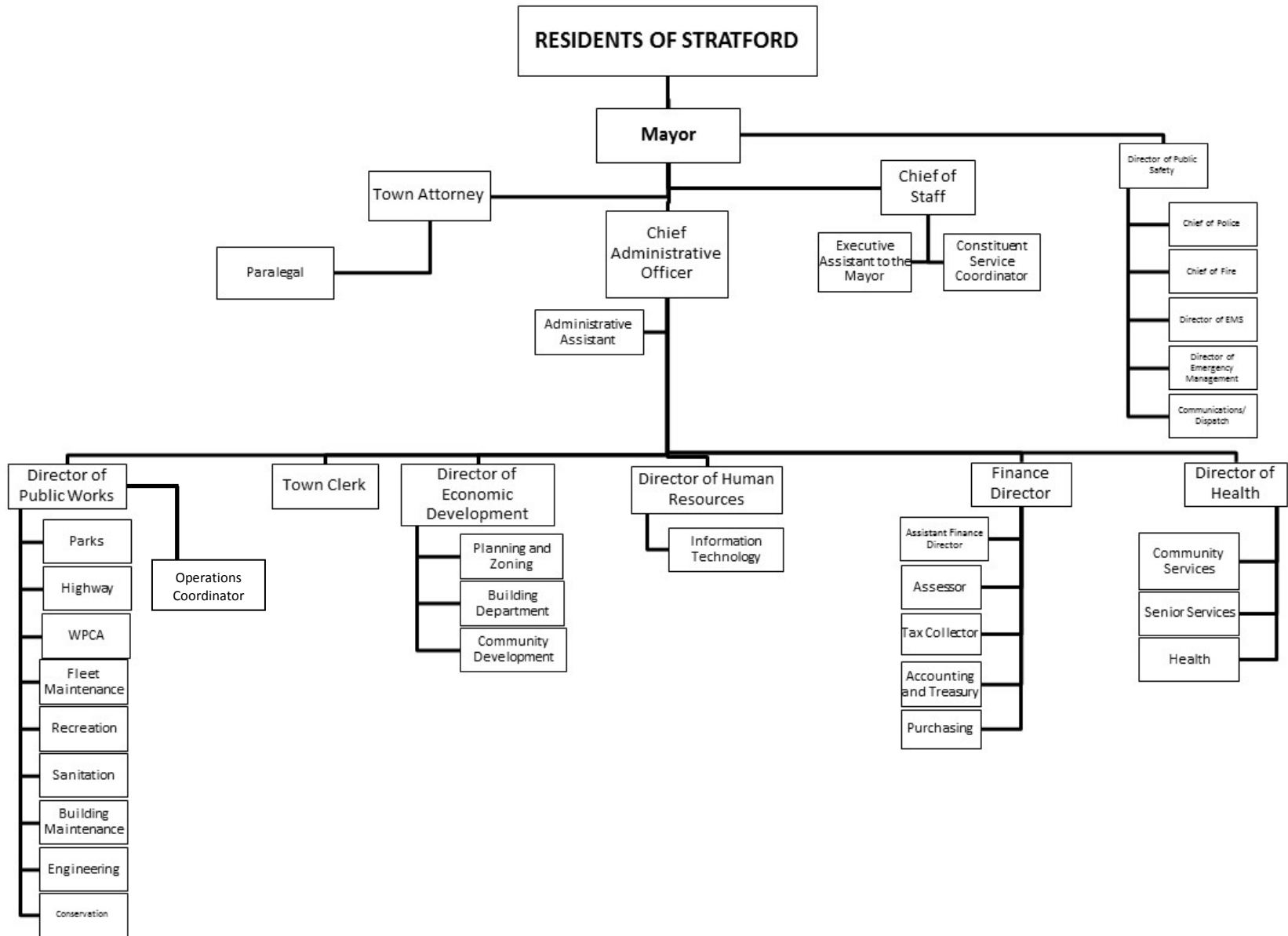
BOARD OF EDUCATION

Chairman	Andrea Veilleux
Vice-Chairman	Robert Chaloux
Secretary	Jancee Pust-Marcone
Board Member	Christian Barnaby
Board Member	James Feehan
Board Member	Leonard Petruccelli
Board Member	Theresa Sheehy

Dr. Janet M. Robinson,
Superintendent of Schools

ADMINISTRATION

Chief Administrative Officer	Stephen Nocera
Finance Director	Susan A. Collier
Town Clerk	Susan Pawluk
Treasurer	Marie Craig
Assessor	Melinda Fonda
Tax Collector	Deborah Heim
Town Attorney	Timothy A. Bishop





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Stratford
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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December 30, 2015

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

Connecticut law requires that all general-purpose local governments publish at the end of each fiscal year a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2015.

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.

RSM US LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Stratford, Connecticut's financial statements for the year ended June 30, 2015. 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 7,200 students. There are several vocational training facilities, colleges and universities in close proximity to Stratford, which offer a variety of educational programs. The public school system consists of three schools for pupils in grades Pre-K through 6, five schools for pupils in grades K through 6, two schools for pupils in grades 7-8 and two schools for pupils in grades 9-12. The schools are governed by a seven-member elected Board of Education.

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

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

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

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

Town Local Economy

Stratford is strategically located between New York City and Boston and has excellent transportation access that has attracted and sustained economic development over the years. Stratford is bisected by both Interstate 95 and Metro North rail service lines. The Merritt Parkway and Routes 8 and 25 offer convenient access to the entire Northeast corridor. Stratford has over 17 miles of coastline, 400 acres of forest, beautiful parks and a rich cultural heritage creating a unique quality of life for our multi-generational residents. Stratford's diverse community of over 51,000 residents offers world class employers, a highly skilled workforce, excellent transportation access and affordable living.

Economic activity remains stable in the Town of Stratford in spite of state and national economic forces. The Town continues to attract owners of all types of businesses (from medical, personal and household services to office, retail, wholesale and dining establishments) that seek the Town for its geographic advantages, diverse zoning and reputation as an affordable location in Fairfield County.

Sikorsky Aircraft, the town's largest employer, employs approximately 6,500 employees. According to the company, its current workload is stable and the company has expressed an ongoing commitment to the Town.

With over 12,900,000 square feet of effective commercial, industrial, retail and office space, the Town of Stratford has a diverse, thriving, growing base of successful businesses within the community.

The Town has seen numerous current businesses expand and many new businesses move into town. Two Roads Brewery is currently operating at the historic U.S. Baird property. Avalon Bay has recently completed 130 units of market rate rental housing. St. Vincent's Hospital opened its Urgent Care facility on Main Street in 2015. Construction of a new 6,000 square foot building will be available for retail and office space at 3651 Main Street in the Paradise Green section of Town. Cober Electronics, Versa Media and Norwalk Powdered Metals are some of the new companies that have relocated to Stratford. Stratford Land Development, Connecticut Distributors, Nouvo Pasta, W.B. Meyer, UPS and FedEx are current Stratford businesses that are expanding in size and potentially creating new jobs.

Mayor John Harkins has formed the Stratford Redevelopment Authority (SRA) whose purpose and mission it is to devise and implement a diverse plan to promote industrial, economic and commercial development and growth in Stratford. The Connecticut Department of Economic and Community Development (DECD) has awarded the Town of Stratford a \$2,850,000 grant to remediate the 10.5 acre Contract Plating site. Stratford has also received a \$200,000 Brownfields grant from the EPA for removal and clean-up at the town-owned Mercer Fuel towers site on Stratford Avenue. Once remediated, the properties will be ready for development.

Recent Town Operations

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

On May 11, 2015, the Town's Fiscal Year 2015-2016 operating budget was adopted. During budget meetings, department heads reviewed each program and expenditure and were asked to justify expenditures, overages or shortages to the Chief Administrative Officer, Mayor, Director of Finance and Human Resources Director. On the revenue side of the budget, for Fiscal Year 2016 the tax collection assumption was raised slightly to reflect real property revaluation. Additionally, Quarterly Business Reviews (QBRs) have been undertaken to review and better manage fiscal operations.

Annually the Town prepares a Five Year Capital Improvement & Equipment Program, which is reviewed by the Town Council. The approved fiscal year 2015-2016 Five Year Capital Improvement and Equipment Programs includes various projects and equipment purchases totaling \$106,258,671 for the five-year period beginning with FY 2016 and ending with FY 2020. Borrowing consists of \$92,743,150. Grants of \$878,612 are projected to be available and the remaining amount of \$12,636,909 is from General Fund, Special Revenue Fund and Enterprise Funds.

The new Victoria Soto School (formerly, Stratford Academy Honeyspot House Elementary school), a 35,960 square foot facility for Pre-K/Kindergarten to second grade and located adjacent to the existing Stratford Academy Johnson House Elementary school is completed and opened for the 2015-2016 school year. The total project cost is currently \$18 million and the Town expects to receive approximately \$10 million in state grants to offset the local share of the project.

The Town is currently undertaking a major school improvement project. The school project consists of comprehensive renovations and/ or additions at the existing Stratford High School. The project will include complete new or like new construction of building envelope renovation, reconfiguration of existing spaces to maximize efficiency, additional science classrooms, gym facilities, media center, auditorium HVAC, energy efficiency and related site improvements. Renovation to Stratford High School will cost \$126 million. The town's portion of the renovation will be \$52.6 million and the remaining costs will be covered by state reimbursements.

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

Recent Financial Results

For the fiscal year ended June 30, 2015, on a budgetary basis, General Fund revenues total \$203.3 million while expenditures totaled \$205.5 million. The result was a year-end operating deficit of \$2.2 million.

The main driver of the estimated revenue deficit was a negative variance of \$4.5 million in gain on sale due to the WPCA sale that did not occur. The Town had a negative revenue variance of approximately \$733 thousand in intergovernmental revenues. Property taxes had a positive revenue variance of \$1.7 million which was the result of an increase in arrears collections. There was a positive variance in transfer in of \$2.5 million due to the transfer from the debt service fund.

The estimated \$1.3 million negative expenditure variance includes Human resources and Town Attorney negative expenditure variances of \$193 thousand and \$200 thousand due to bargaining contracts and WPCA legal matters. Overall employee benefits had a negative variance of \$2.171 million, which was largely offset by the revenue transfer in of \$2.5 million from the debt service fund.

The Town's cost control efforts include continuing to monitor all overtime and bi-weekly expense reviews with department heads as well as Quarterly Business Reviews (QBRs) to review and better manage fiscal operations. Although there are many unknowns heading into Fiscal Year 2015-16, including ongoing union negotiations with Town collective bargaining units, negotiations with Board of Education bargaining units and ongoing worker's compensation cases, the Town will work to continue to control spending, hit its collection goals and strive to achieve balanced operations.

Town Organization

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

Policies and Practice

Debt

In FY15, 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 previously refunded \$51.75 million of pension obligation bonds in FY11 to take advantage of the declining interest rates. In FY14 the Town refunded \$16.66 million of general obligation bonds to refinance previous obligation bonds and issued \$162.69 million of general obligation bonds to fund the pension account.

On December 17, 2014, the Town issued \$42.74 million of general obligation bonds. The bonds will mature through 2034. The issue consisted of \$33.795 million of new money and \$8.945 million of refunding money.

Taxes

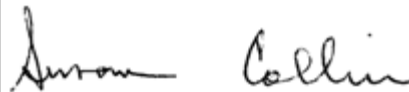
During the fiscal year ended 2015, the Town collected 97.4% of its current tax levy. This represented the sixteenth consecutive year that the Town has exceeded 96.5%. Property taxes increased by \$3.5 million over the prior year. Current tax collections totaled \$158.6 million. Arrears taxes and interest collected was \$4.9 million.

Acknowledgements

I would like to thank RSM US LLP., our independent auditors, for their professional guidance, assistance, and many helpful comments and suggestions. I would also like to give special thanks to all of the finance department staff that has worked many extra hours to assist with the preparation of this report.

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

Respectfully Submitted,

A handwritten signature in black ink, reading "Susan Collier". The signature is written in a cursive style. The first name "Susan" is written in a larger, more prominent script, and "Collier" is written in a smaller, more compact script to its right. The signature is positioned above a thin horizontal line.

Susan A. Collier
Finance Director

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Financial Section



Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stratford, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Stratford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stratford, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter—Adoption of Standards

As discussed in Notes 1 and 14 in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB 68, which resulted in the Town restating net position for recognition of the Town’s pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015 on our consideration of the Town of Stratford, Connecticut’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stratford, Connecticut’s internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 30, 2015

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

This discussion and analysis of the Town of Stratford, Connecticut's (the Town) financial performance is developed by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to XI.

Financial Highlights

- In the Statement of Net Position, The Town's net position decreased by \$341 thousand, or 0.2%, as a result of this year's operations. The net position of our business-type activities decreased by \$1.9 million, or 8.2%, and the net position of our governmental activities increased by \$1.6 million, or 0.9%. It should be noted that fiscal year 2014 net position of government activities was restated due to the requirements of GASB Statement No. 68. The above variances are calculated using the restated numbers.
- During the year, the Town's governmental activities had expenses that were \$935 thousand less than the \$234 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services are \$12.9 million while operating expenses are \$14.2 million primarily due to the Water Treatment plant and Emergency Medical Services.
- Total cost of all of the Town's programs increased by \$6.17 million to \$246.9 million with no major new programs added this year. These increases consisted of \$5 million in physical development, \$1.4 million in education expenses, \$3 million in general government and \$2.9 million in debt service interest expense offset by a decrease of \$7.4 million in public safety.
- The General Fund reported a fund balance this year of \$8.9 million, which was a decrease of \$1.4 million from the prior year.
- Revenues in the General Fund totaled \$200.0 million while expenditures totaled \$205.5 million resulting in a deficit of \$5.5 million on a budgetary basis (excluding other financing sources).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental funds (Exhibits III to VI): Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

Proprietary Funds (Exhibits VII to IX): When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

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

Government-Wide Financial Analysis

The Town's combined net position decreased from a year ago from \$40.2 million to \$(168.2) million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1
SUMMARY STATEMENT OF NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 67,699	\$ 218,116	\$ 6,142	\$ 6,745	\$ 73,841	\$ 224,861
Capital Assets, net of depreciation	188,476	167,345	54,661	58,218	243,137	225,563
Total assets	256,175	385,461	60,803	64,963	316,978	450,424
Deferred pension expense	5,693	-	-	-	5,693	-
Deferred Charge on Refundings	2,823	3,243	33	36	2,856	3,279
Total deferred outflows of resources	8,516	3,243	33	36	8,549	3,279
Current Liabilities	12,972	13,406	634	420	13,605	13,826
Long-Term Liabilities Outstanding	441,195	359,232	37,949	40,351	479,145	399,583
Total liabilities	454,167	372,638	38,583	40,771	492,750	413,409
Deferred pension credit	907	-	-	-	907	-
Advance Tax Collections	20	123	-	-	20	123
Total deferred inflows of resources	927	123	-	-	927	123
Net Position						
Net investment in capital assets	78,329	82,429	14,577	18,134	92,906	100,563
Restricted	2,709	2,793	-	-	2,709	2,793
Unrestricted	(271,442)	(69,279)	7,676	6,094	(263,765)	(63,185)
Total net position	\$ (190,403)	\$ 15,943	\$ 22,253	\$ 24,228	\$ (168,150)	\$ 40,171

Net position of the Town's governmental activities decreased by 1297.5% to \$(190.4) million compared to \$15.9 million the prior year). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(69.3) million at June 30, 2014 to \$(271.4) million at the end of this year.

As of July 1, 2014, the Town was required to implement GASB Statement No. 68 related to pensions. This Statement required that the unrestricted net position of the government-wide financial statements as of July 1, 2014 be restated and decreased in the amount of \$208 million. The decrease did not result from a change in benefits offered to employees, only the presentation of the liability on the balance sheet of the government-wide financial statements.

Table 2
SUMMARY STATEMENT OF ACTIVITIES
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 11,313	\$ 12,035	\$ 12,944	\$ 11,932	\$ 24,257	\$ 23,967
Operating grants and contributions	43,875	42,140	-	-	43,875	42,140
Capital grants and contributions	12,886	4,813	-	-	12,886	4,813
General revenues:						
Property taxes	163,847	158,477	-	-	163,847	158,477
Grants and contributions not restricted to specific purposes	1,550	1,750	-	-	1,550	1,750
Unrestricted investment earnings	159	349	-	-	159	349
Miscellaneous	-	-	-	-	-	-
Total revenues	233,630	219,564	12,944	11,932	246,574	231,496
Program expenses:						
General government	33,728	30,840	-	-	33,728	30,840
Human development	8,277	8,518	-	-	8,277	8,518
Physical development	20,537	15,320	-	-	20,537	15,320
Public safety	28,289	35,654	-	-	28,289	35,654
Education	129,334	127,895	-	-	129,334	127,895
Interest expense	12,530	9,636	-	-	12,530	9,636
Waste operating	-	-	11,768	10,560	11,768	10,560
Emergency Medical Services	-	-	2,022	1,906	2,022	1,906
Miniature Golf Course	-	-	429	390	429	390
Short Beach Golf Course	-	-	-	27	-	27
Total program expenses	232,695	227,863	14,219	12,883	246,914	240,746
Excess (deficiency) before transfers	935	(8,299)	(1,275)	(951)	(340)	(9,250)
Transfers	700	681	(700)	(681)	-	-
Change in net position	\$ 1,635	\$ (7,618)	\$ (1,975)	\$ (1,632)	\$ (340)	\$ (9,250)

The Town's total revenues were \$246.6 million. The total cost of all programs and services was \$246.9 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the Town's asset by \$208 million during the year due to the restatements from the implementation of GASB 68. Approximately 70.1% of the revenues were derived from property taxes; the remaining 29.9% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$5.4 million over the prior year. Current tax collections totaled \$158.6 million or 97.4% of the levy. Arrears taxes and interest collected was \$4.4 million. Unrestricted investment earnings were \$0.2 million less than the prior year.
- Operating grants for governmental activities increased by \$1.7 million over the prior year. The State of Connecticut Education Cost Sharing grant and debt service reimbursements totaled \$21.8 million of the Operating grants total.

Governmental expenses increased from \$227.9 million to \$232.7 million with no major new programs added this year. These increases consisted of \$5.2 million in physical development expense, \$1.4 million in education expense, and \$3 million in general government expense.

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

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

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General Government	\$ 33,728	\$ 30,840	\$ 31,464	\$ 28,602
Public Safety	28,289	35,654	26,821	33,547
Physical Development	20,537	15,320	12,840	7,916
Education	129,334	127,895	77,463	86,102
Human Development	8,277	8,518	3,503	3,072
All Others	12,530	9,636	12,530	9,636
Total	\$ 232,695	\$ 227,863	\$ 164,622	\$ 168,875

Business-Type Activities

Business-type activities decreased the Town's net position by \$1.98 million. The key factors were a smaller than recommended increase in user rate and an increase in operating expenses in the Waste Operating Fund.

Town Funds Financial Analysis

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$34.7 million, an increase of \$12.5 million in comparison with the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$9 million. The reason for the \$1.4 million decrease in the General Fund mirrors the general fund activities analysis highlighted in RSI-1 and RSI-2.

The fund balance of the Town's General Fund decreased by \$1.4 million during the current fiscal year. Key factors affecting the General Fund are as follows:

- Increase in employee benefits, education and debt service principal payments.

The Capital Projects Fund has a fund balance of \$18.7 million at the end of the year, an increase of \$16.3 million from the prior year. Increased is due to issuance of bonds to replenish the Capital Project Fund. The increase is offset slightly by major projects in the current year. Major projects are as follows:

- The Victoria Soto School Project of \$12.8 million.
- Road Resurfacing and street improvement of \$6.4 million.
- School Improvements and Technology infrastructure Projects have expenditures of \$4.3 million.
- Capital equipment purchases for public works, police and fire of \$2.9 million.
- Municipal building improvements of \$1.4 million
- Recreation facilities and fields of \$1.8 million.

Other non-major governmental funds have a total fund balance of \$6.98 million, a decrease of \$2.4 million from the prior year. Decrease is due to Debt Service Fund transfers out of \$2.6 million.

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 position total \$22.3 million at the end of 2015, decreasing by \$1.97 million from the previous year.

Net position of the Waste Operating Fund at the end of the year is \$21.1 million, 94.8% of total net position of the proprietary funds. Other non-major activities have net position of \$1.2 million or 5.2% of the total net position. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type Activities.

General Fund Budgetary Highlights

During the year, revenues were under budgetary estimates by \$896 thousand million and expenditures were over budgetary estimates by \$1.3 million.

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, 2015 amounted to \$188.5 million and \$54.7 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town's investment in capital assets for the current fiscal year was \$17.6 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 15,791	\$ 13,072	\$ -	\$ -	\$ 15,791	\$ 13,072
Land Improvements	10,723	10,455	123	130	10,846	10,585
Buildings and Improvements	91,226	93,006	44,395	47,640	135,621	140,646
Infrastructure	30,565	27,411	7,842	8,137	38,407	35,548
Machinery and Equipment	16,211	14,591	2,301	2,311	18,512	16,902
Construction in Progress	23,960	8,810	-	-	23,960	8,810
Total	\$ 188,476	\$ 167,345	\$ 54,661	\$ 58,218	\$ 243,137	\$ 225,563

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

- Victoria Soto School Project- \$12.7
- Various school improvements/safety/maintenance - \$4.2
- Road resurfacing/reconstruction - \$4.9
- Purchase of Capital Equipment for Public Works, Police & Fire - \$1.9
- Parks improvement/playground renovations - \$.7
- Municipal building improvements - \$.3
- Open space-\$.2

The Town's fiscal-year 2015-16 capital plans call for spending another \$15.6 million for capital projects, principally for the following (in millions):

- Various school improvements/safety/maintenance - \$3.5
- Road resurfacing/reconstruction and Sewers - \$6
- Purchase of Capital Equipment for Public Works, Police & Fire - \$2.7
- Municipal Buildings repairs/maintenance - \$1.7
- Parks improvements/playground renovations - \$1.6

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

Long-Term Debt. At June 30, 2015 the Town had \$342.7 million in bonds and notes outstanding versus \$327.2 million last year, an increase of 4.7% as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 305,060	\$ 287,214	\$ 1,948	\$ 2,086	\$ 307,008	\$ 289,300
Capital Leases	2,418	1,214	46	51	2,464	1,265
Notes Payable	-	-	35,702	37,983	35,702	37,983
Total	\$ 307,478	\$ 288,428	\$ 37,696	\$ 40,120	\$ 345,174	\$ 328,548

On December 3, 2014, the Town issued \$42,740,000 of General Obligation Bonds, of which \$33,795,000 is used to finance new projects and \$8,945,000 is used to advance refund all or portion of the outstanding maturities of the Town's Issue of 2010, Series A Bond Issued dated April 15, 2010 and the Issue of 2010, Series D Bond Issue dated December 1, 2010.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior years' tax collections. The current debt limitation for the Town amounts to \$1,144.2 million, significantly more than the Town's outstanding general obligation debt.

More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region are comparable to national indices.
- The Town's annual average unemployment rate was 6.3% for calendar year 2015, down from 6.4% in 2014. This rate compares to the State's annual average unemployment rate of 5.7% and the US rate of 5.3%.

All of these factors were considered in preparing the Town's budget for FY2015-2016. The fiscal year 2016 General Fund budget calls for \$207.5 million in revenues and expenditures, an approximate 1.62% increase in expenditures over fiscal year 2015 budget. Education expenditures increased by 2%. On the revenue side, the fiscal year 2016 mill rate increased to 36.98.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$1.0 million to \$8 million. In the FY2015-16 budget the Town has not appropriated any of this amount for spending.

Contacting the Town's Financial Management

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

Basic Financial Statements

Statement of Net Position (Deficits)
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 46,966,533	\$ 2,541,063	\$ 49,507,596
Investments	2,063,758	-	2,063,758
Receivables, Net	19,767,162	2,457,323	22,224,485
Internal Balances	(1,901,367)	1,901,367	-
Inventory	45,650	-	45,650
Advance to Other Funds	757,697	(757,697)	-
Capital Assets			
Assets not being depreciated	39,751,350	-	39,751,350
Assets being depreciated, net	148,724,554	54,660,881	203,385,435
Total assets	256,175,337	60,802,937	316,978,274
Deferred Outflows of Resources			
Deferred pension expense	5,692,645		5,692,645
Deferred Charges on Refundings	2,823,092	32,887	2,855,979
Total deferred outflows of resources	8,515,737	32,887	8,548,624
Liabilities			
Accounts and Other Payables	6,730,713	627,094	7,357,807
Accrued Liabilities	5,826,140	-	5,826,140
Unearned Revenue	415,004	6,479	421,483
Noncurrent Liabilities			
Due within one year	26,006,128	342,365	26,348,493
Due in more than one year	415,189,290	37,607,051	452,796,341
Total liabilities	454,167,275	38,582,989	492,750,264
Deferred Inflows of Resources			
Deferred pension credit	906,694		906,694
Deferred Revenue- Advanced Tax Collections	20,294	-	20,294
Total deferred inflows of resources	926,988	-	926,988
Net Position (Deficit)			
Net Investment in Capital Assets	78,329,391	14,576,669	92,906,060
Restricted For			
Nonexpendable trust	2,708,969	-	2,708,969
Unrestricted (Deficit)	(271,441,549)	7,676,166	(263,765,383)
Total net position (Deficit)	\$ (190,403,189)	\$ 22,252,835	\$ (168,150,354)

See Notes to Financial Statements.

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ (33,728,487)	\$ 2,264,048	\$ -	\$ -	\$ (31,464,439)	\$ -	\$ (31,464,439)
Human development	(8,277,194)	3,709,035	1,065,365	-	(3,502,794)	-	(3,502,794)
Physical development	(20,537,109)	1,940,079	1,077,690	4,679,029	(12,840,311)	-	(12,840,311)
Public safety	(28,288,688)	1,467,851	-	-	(26,820,837)	-	(26,820,837)
Education	(129,333,992)	1,931,909	41,731,957	8,206,647	(77,463,479)	-	(77,463,479)
Debt service	(12,530,393)	-	-	-	(12,530,393)	-	(12,530,393)
Total governmental activities	(232,695,863)	11,312,922	43,875,012	12,885,676	(164,622,253)	-	(164,622,253)
Business-Type Activities							
Waste Operating	(11,768,000)	10,884,276	-	-	-	(883,724)	(883,724)
Emergency Medical Services	(2,021,738)	1,798,395	-	-	-	(223,343)	(223,343)
Short Beach Golf Course	(429,081)	261,533	-	-	-	(167,548)	(167,548)
Total business-type activities	(14,218,819)	12,944,204	-	-	-	(1,274,615)	(1,274,615)
Total	\$ (246,914,682)	\$ 24,257,126	\$ 43,875,012	\$ 12,885,676	(164,622,253)	(1,274,615)	(165,896,868)
General revenues							
Property taxes					163,847,403	-	163,847,403
Grants and contributions not restricted to specific programs					1,549,747	-	1,549,747
Unrestricted investment earnings					158,709	10	158,719
Transfers					700,000	(700,000)	-
Total general revenues and transfers					166,255,859	(699,990)	165,555,869
Change in net position (deficit)					1,633,606	(1,974,605)	(340,999)
Net position (deficit) - beginning , as restated (Note 14)					(192,036,795)	24,227,440	(167,809,355)
Net position (deficit)- ending					\$ (190,403,189)	\$ 22,252,835	\$ (168,150,354)

See Notes to Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2015

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 44,971,848	\$ -	\$ 1,914,685	\$ 46,886,533
Investments	-	-	2,063,758	2,063,758
Receivables, net (Note 3)	13,525,385	5,053,698	1,188,079	19,767,162
Inventories and Prepaids	11,962	-	33,688	45,650
Advance to Other Funds	757,697	-	-	757,697
Due From Other Funds	21,425,409	37,278,248	4,299,727	63,003,384
Total assets	\$ 80,692,301	\$ 42,331,946	\$ 9,499,937	\$ 132,524,184
Liabilities				
Accounts Payable	\$ 2,047,971	\$ 3,113,204	\$ 1,418,116	\$ 6,579,291
Accrued Liabilities	1,565,929	-	-	1,565,929
Unearned Revenues	-	-	415,004	415,004
Due to Other Funds	55,937,060	19,184,693	114,227	75,235,980
Total liabilities	59,550,960	22,297,897	1,947,347	83,796,204
Deferred Inflows of Resources				
Unavailable Resources	12,123,910	1,355,430	575,038	14,054,378
Advance Property Tax Collections	20,294	-	-	20,294
Total deferred inflows of resources	12,144,204	1,355,430	575,038	14,074,672
Fund Balances				
Nonspendable	\$ 769,659	\$ -	\$ 33,688	803,347
Restricted	115,669	-	3,356,472	3,472,141
Committed	-	18,678,619	4,596,735	23,275,354
Assigned	126,991	-	-	126,991
Unassigned (Deficit)	7,984,818	-	(1,009,343)	6,975,475
Total fund balances	8,997,137	18,678,619	6,977,552	34,653,308
Total liabilities, deferred inflows of resources and fund balances	\$ 80,692,301	\$ 42,331,946	\$ 9,499,937	\$ 132,524,184

See Notes to Financial Statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2015**

Amounts Reported for Governmental Activities in the

Statement of Net Position (Exhibit I) are Different Because of
the following

Fund balances - total governmental funds (Exhibit III) \$ 34,653,308

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported
in the funds:

Governmental capital assets	366,338,023	
Less accumulated depreciation	<u>(177,862,119)</u>	
Net capital assets		188,475,904

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

Property tax receivables greater than 60 days	6,337,184
Interest receivable on property taxes	5,073,613
Assessments receivable	846,769
Housing loans	263,839
Receivable from the State for school construction projects	1,221,774
Other intergovernmental receivables	311,199

Internal Service Funds are used by management to charge
the costs of risk management to individual funds. The
assets and liabilities of the Internal Service Funds are reported
with governmental activities in the statement of net position.

(631,193)

Net deferred outflows/inflows related to net pension liability 4,785,951

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

Bonds and notes payable	(297,758,390)
Bond premium	(7,301,962)
Capital lease	(2,418,046)
Interest payable on bonds and notes	(4,260,211)
Compensated absences	(6,548,171)
Landfill closure	(7,800,000)
Unsettled contract reserve	(700,000)
Net pension liability- defined benefit plan	(49,602,149)
OPEB obligation	(57,425,700)
Deferred charges on refunding	2,823,092
Claims and judgments	<u>(750,000)</u>

Net position (deficit) of governmental activities (Exhibit I) \$ (190,403,189)

See Notes to Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2015**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes and assessments	\$ 163,762,613	\$ 204,813	\$ -	\$ 163,967,426
State and federal governments	41,072,498	8,740,636	7,561,639	57,374,773
Charges for services	2,526,354	-	2,793,364	5,319,718
Licenses and permits	649,630	-	565,596	1,215,226
Investment income	84,978	-	73,731	158,709
Other	4,894,202	-	548,413	5,442,615
Total revenues	212,990,275	8,945,449	11,542,743	233,478,467
Expenditures				
Current:				
General government:				
Administration	4,821,101	-	-	4,821,101
Contingency	4,012,737	-	-	4,012,737
Employee benefits	21,433,213	-	-	21,433,213
Finance	2,075,502	-	-	2,075,502
Human development	5,592,155	-	1,834,616	7,426,771
Physical development	12,872,531	-	1,018,006	13,890,537
Public Safety	23,844,105	-	91,548	23,935,653
Education	110,427,752	-	7,952,119	118,379,871
Debt service:				
Principal retirements	13,003,792	-	-	13,003,792
Interest and other charges	17,992,271	334,567	-	18,326,838
Capital outlay	1,262,726	30,687,606	644,833	32,595,165
Total expenditures	217,337,885	31,022,173	11,541,122	259,901,180
Excess (deficiency) of revenues over expenditures	(4,347,610)	(22,076,724)	1,621	(26,422,713)
Other Financing Sources (Uses)				
Issuance of bonds	-	33,795,000	-	33,795,000
Issuance of debt-refunding	-	8,945,000	-	8,945,000
Payment to bond escrow agent	-	(9,994,532)	-	(9,994,532)
Premium on bond issuance	-	4,206,613	-	4,206,613
Proceeds from capital leases	1,262,726	-	-	1,262,726
Transfers in	3,330,040	1,470,477	181,000	4,981,517
Transfers out	(1,651,477)	-	(2,630,040)	(4,281,517)
Total other financing sources (uses)	2,941,289	38,422,558	(2,449,040)	38,914,807
Net change in fund balances	(1,406,321)	16,345,834	(2,447,419)	12,492,094
Fund Balances, Beginning	10,403,458	2,332,785	9,424,971	22,161,214
Fund Balances, Ending	\$ 8,997,137	\$ 18,678,619	\$ 6,977,552	\$ 34,653,308

See Notes to Financial Statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2015**

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit II)
are Different Because:

Net change in fund balances - total governmental funds (Exhibit V) \$ 12,492,094

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

Loss on disposal	(92,231)
Capital outlay	30,166,746
Depreciation expense	(8,943,692)

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

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

Change in property taxes and interest collected after 60 days	(204,027)
Change in assessments collected after 60 days	(48,682)
Change in housing loans collected after 60 days	45,648
Change in school building grant receipts collected after 60 days	196,270
Other grants collected after 60 days	161,794

Change in deferred outflows/inflows relating to the net pension liability, not reported in governmental funds 4,785,951

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

Proceeds from sale of bonds	(33,795,000)
Proceeds from sale of refunding bonds	(8,945,000)
Bond principal payments	18,570,706
Payment to bond escrow agent	9,994,532
Premium from sale of refunding bonds	(4,206,613)
Proceeds from capital lease	(1,513,102)
Capital lease payments	308,689

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	(33,006)
Accrued interest	113,566
Unsettled contract reserve	(700,000)
Net pension liability	(5,759,069)
OPEB obligation	(12,697,800)
Amortization of deferred amount on refunding	(419,517)
Amortization of bond premiums	535,482

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

1,619,867

Change in net position of governmental activities (Exhibit II)

\$ 1,633,606

See Notes to Financial Statements.

**Statement of Net Position (Deficit) - Proprietary Funds
June 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Waste Operating Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ -	\$ 2,541,063	\$ 2,541,063	\$ 80,000
Receivables:				
Accounts and other	-	396,485	396,485	-
Sewer usage receivable	2,060,838	-	2,060,838	-
Due from other funds	3,842,902	-	3,842,902	10,331,229
Total current assets	5,903,740	2,937,548	8,841,288	10,411,229
Capital Assets				
Capital assets being depreciated, net	52,000,104	2,660,777	54,660,881	-
Total capital assets	52,000,104	2,660,777	54,660,881	-
Total assets	57,903,844	5,598,325	63,502,169	10,411,229
Deferred Outflow of Resources				
Deferred amounts on refunding	-	32,887	32,887	-
Liabilities				
Current Liabilities				
Accounts payable	482,125	144,969	627,094	151,422
Unearned revenue	5,811	668	6,479	-
Due to other funds	-	1,941,535	1,941,535	-
Risk management claims	-	-	-	3,076,000
Bonds payable	30,122	104,000	-	-
Serial and notes payable	2,191,730	-	2,191,730	-
Capital lease	-	5,243	-	-
Compensated absences	118,000	85,000	203,000	-
Total current liabilities	2,827,788	2,281,415	5,109,203	3,227,422
Noncurrent Liabilities				
Advance from other funds	-	757,697	757,697	-
Bonds payable	429,243	1,384,155	1,813,398	-
Serial notes payable	33,509,942	-	33,509,942	-
Capital lease	34,642	6,523	41,165	-
Risk management claims	-	-	-	7,815,000
Compensated absences	443	50,373	50,816	-
Total noncurrent liabilities	33,974,270	2,198,748	36,173,018	7,815,000
Total liabilities	36,802,058	4,480,163	41,282,221	11,042,422
Net Position (Deficit)				
Net Investment in Capital Assets	15,804,425	1,160,856	16,965,281	-
Unrestricted (Deficit)	5,297,361	(9,807)	5,287,554	(631,193)
Total net position (deficit)	\$ 21,101,786	\$ 1,151,049	\$ 22,252,835	\$ (631,193)

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds
For the Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Waste Operating Funds	Other Nonmajor Funds	Totals	Internal Service Funds
Operating Revenues				
Charges for services	\$ 10,796,473	\$ 2,059,928	\$ 12,856,401	\$ 9,992,994
Other	87,803	-	87,803	-
Total operating revenues	10,884,276	2,059,928	12,944,204	9,992,994
Operating Expenses				
Claims	-	-	-	8,373,127
Operating and maintenance	7,345,568	2,141,823	9,487,391	-
Depreciation	3,666,824	252,157	3,918,981	-
Total operating expenses	11,012,392	2,393,980	13,406,372	8,373,127
Operating income (loss)	(128,116)	(334,052)	(462,168)	1,619,867
Nonoperating Revenues (Expenses)				
Interest income	10	-	10	-
Interest expense	(755,608)	(56,839)	(812,447)	-
Total nonoperating revenues (expenses)	(755,598)	(56,839)	(812,437)	-
Net (loss) income before transfers	(883,714)	(390,891)	(1,274,605)	1,619,867
Transfers In	-	-	-	(7,000,000)
Transfers Out	(300,000)	(400,000)	(700,000)	7,000,000
Change in net position (deficit)	(1,183,714)	(790,891)	(1,974,605)	1,619,867
Net Position (Deficit), Beginning	22,285,500	1,941,940	24,227,440	(2,251,060)
Net Position (Deficit), Ending	\$ 21,101,786	\$ 1,151,049	\$ 22,252,835	\$ (631,193)

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental
	Waste Operating Funds	Other Nonmajor Funds	Totals	Internal Service Funds
Cash Flows From Operating Activities				
Cash received from customers and users	\$ 10,503,447	\$ 2,075,486	\$ 12,578,933	\$ 10,075,335
Cash payments to suppliers	(5,817,022)	(866,927)	(6,683,949)	(8,342,650)
Cash payments to employees	(1,303,680)	(1,262,786)	(2,566,466)	-
Gross receipts (payments) to/from other funds	275,170	(2,507,074)	(2,231,904)	(1,652,685)
Net cash provided by (used in) operating activities	3,657,915	(2,561,301)	1,096,614	80,000
Cash Flows From Noncapital Financing Activities				
Transfers (to)/from other funds	(300,000)	(400,000)	(700,000)	-
Net cash provided by (used in) noncapital financing activities	(300,000)	(400,000)	(700,000)	-
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(2,311,425)	(105,133)	(2,416,558)	-
Principal payments on capital lease	-	(4,941)	(4,941)	-
Interest paid on debt	(755,608)	(56,839)	(812,447)	-
Purchase of capital assets	(313,256)	(48,773)	(362,029)	-
Net cash provided by (used in) capital and related financing activities	(3,380,289)	(215,686)	(3,595,975)	-
Cash Flows From Investing Activities				
Interest revenues	10	-	10	-
Net cash provided by investing activities	10	-	10	-
Net increase (decrease) in cash and cash equivalents	(22,364)	(3,176,987)	(3,199,351)	80,000
Cash and Cash Equivalents				
Beginning	22,364	5,718,050	5,740,414	-
Ending	\$ -	\$ 2,541,063	\$ 2,541,063	\$ 80,000
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ (128,116)	\$ (334,052)	\$ (462,168)	\$ 1,619,867
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,666,824	252,157	3,918,981	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable and deferred charges	(381,954)	17,200	(364,754)	82,341
(Increase) decrease in due from other funds	275,170	32,644	307,814	362,130
Increase (decrease) in accounts payable and accrued expenses	224,866	12,110	236,976	150,477
Increase (decrease) in risk management claim liability	-	-	-	(120,000)
Increase in unearned revenues	1,125	(1,642)	(517)	-
Increase (decrease) in due to other funds	-	(2,539,718)	(2,539,718)	(2,014,815)
Net cash provided by (used in) operating activities	\$ 3,657,915	\$ (2,561,301)	\$ 1,096,614	\$ 80,000
Supplemental Schedule of Noncash Financing Activities				
Amortization of gain on refunded debt	\$ -	\$ (3,462)	\$ (3,462)	\$ -
Amortization of premium on refunded debt	\$ -	\$ 3,595	\$ 3,595	\$ -

See Notes to Financial Statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 1,860,747	\$ 50,048	\$ 991,988
Investments, at Fair Value			
Common stock	60,950,176	-	-
Mutual funds - open end	83,421,038	3,598,865	-
Collective Trusts	78,049,942	-	-
Limited Partnerships	30,995,265	-	-
Total investments	<u>253,416,421</u>	<u>3,598,865</u>	<u>-</u>
Receivables	<u>37,404</u>	<u>-</u>	<u>-</u>
Total assets	<u>255,314,572</u>	<u>3,648,913</u>	<u>\$ 991,988</u>
Liabilities			
Due to Students and Others	<u>-</u>	<u>-</u>	<u>\$ 991,988</u>
Net Position			
Restricted for Pension Benefits	255,314,572	-	
Restricted for OPEB Benefits	<u>-</u>	<u>3,648,913</u>	
Total net position	<u>\$ 255,314,572</u>	<u>\$ 3,648,913</u>	

See Notes to Financial Statements.

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2015**

	Pension Trust Funds	OPEB Trust Fund
Additions		
Contributions:		
Plan members	\$ 1,577,895	\$ -
Employer	5,220,970	7,635,300
Total contributions	<u>6,798,865</u>	<u>7,635,300</u>
Investment income:		
Net appreciation in fair market value of investments	5,588,949	134,459
Interest and dividends	4,831,985	72,593
	<u>10,420,934</u>	<u>207,052</u>
Less investment expenses:		
Investment fee	(504,225)	-
Net investment income	<u>9,916,709</u>	<u>207,052</u>
Total additions	<u>16,715,574</u>	<u>7,842,352</u>
Deductions		
Benefits	20,806,935	7,585,300
Administrative Expenses	399,089	-
Total deductions	<u>21,206,024</u>	<u>7,585,300</u>
Change in net position	(4,490,450)	257,052
Net Position - Restricted for Benefits		
Beginning of year	<u>259,805,022</u>	<u>3,391,861</u>
End of year	<u>\$ 255,314,572</u>	<u>\$ 3,648,913</u>

See Notes to Financial Statements.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Accounting standards adopted in the current year: The Town adopted *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, and its amendment, *GASB Statement No. 71*, was implemented on July 1, 2014. These statements revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. This implementation resulted in a restatement of the June 30, 2014 net position (deficit) and net pension liability, see the effects detailed in Note 14. The implementation of this statement resulted in additional disclosures as presented in Note 12.

The Town adopted *GASB Statement No. 69, Government Combinations and Disposals of Government Operations*, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the Town's financial statements.

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

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

Investments for the Town are reported at fair value, based on quoted market prices.

The pension funds allows for investments in certain alternative investments. Alternative investments may include private equity partnerships, hedges and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager that represents the net asset value of these funds. These estimated values do not necessarily represent the amounts that will be ultimately realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Interfunds: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

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

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

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

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Long-term obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt principal payments are reported as debt service expenditures.

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Note 2. Cash, Cash Equivalents and Investments

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

The Connecticut General Statutes (Section 7-400) 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 mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

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

Deposits:

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

Town of Stratford, Connecticut

Notes to Financial Statements

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

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$54,164,185 of the Town's bank balance of \$55,914,185 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 48,747,767
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name	5,416,419
Total amount subject to custodial credit risk	\$ 54,164,185

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2015:

Cash and Cash Equivalents

Deposits with financial institutions	\$ 52,490,379
Total cash and cash equivalents	52,490,379

Investments

Permanent Funds:

Common stock	1,359,794
Mutual funds	703,964
Total permanent funds	2,063,758

Pension Trust Funds:

Common stock	60,950,176
Mutual funds	83,421,038
Collective Trusts	78,049,942
Limited Partnerships	30,995,265
Total pension investments	253,416,421

Private Purpose Trust Funds:

Mutual funds	3,598,865
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Total investments	259,079,044
Total cash, cash equivalents and investments	\$ 311,569,423

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

Statement of Net Position

Cash and cash equivalents	\$ 49,507,596
Investments	2,063,758
	<u>51,571,354</u>

Fiduciary Funds

Cash and cash equivalents	2,982,783
Investments	257,015,286
	<u>259,998,069</u>
Total cash, cash equivalents and investments	<u><u>\$ 311,569,423</u></u>

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

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

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Fixed income-mutual funds	\$ 87,723,867	\$ 3,576,778	\$ 19,927,052	\$ 18,186,093	\$ 46,033,944
	<u>\$ 87,723,867</u>	<u>\$ 3,576,778</u>	<u>\$ 19,927,052</u>	<u>\$ 18,186,093</u>	<u>\$ 46,033,944</u>

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

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

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2015, 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.

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

<u>Average Rating</u>	<u>Other Fixed Income Securities</u>
AAA	\$ 41,956,065
AA	7,098,730
A	7,873,786
BBB	10,044,693
BB	1,499,422
B	735,395
Below B	2,126,816
Unrated	16,388,960
	<u>\$ 87,723,867</u>

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

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

	General	Capital Projects	Waste Operating	Nonmajor Enterprise Funds	Nonmajor and Other Funds	Total
Receivables						
Taxes	\$ 13,033,672	\$ -	\$ -	\$ -	\$ -	\$ 13,033,672
Accounts and other	428,600	-	-	574,975	484,693	1,488,268
Special assessments	-	846,769	2,060,838	-	218,190	3,125,797
Intergovernmental	713,113	4,206,929	-	-	485,196	5,405,238
Gross receivables	<u>14,175,385</u>	<u>5,053,698</u>	<u>2,060,838</u>	<u>574,975</u>	<u>1,188,079</u>	<u>23,052,975</u>
Less allowance for uncollectibles	650,000	-	-	178,490	-	828,490
Net total receivables	<u>\$ 13,525,385</u>	<u>\$ 5,053,698</u>	<u>\$ 2,060,838</u>	<u>\$ 396,485</u>	<u>\$ 1,188,079</u>	<u>\$ 22,224,485</u>

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 11,410,797	\$ -
Advance tax collections	20,294	-
Special assessments not yet due	846,769	-
School building grants	1,221,774	-
Housing loans	263,839	-
Grant drawdowns and other revenues received prior to meeting all eligibility requirements	-	394,702
Other	311,199	20,302
	<u>\$ 14,074,672</u>	<u>\$ 415,004</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 13,072,215	\$ 2,719,145	\$ -	\$ 15,791,360
Construction in progress	8,810,150	23,235,160	(8,085,320)	23,959,990
Total capital assets, not being depreciated	21,882,365	25,954,305	(8,085,320)	39,751,350
Capital assets, being depreciated:				
Land improvements	15,717,686	933,820	-	16,651,506
Buildings and improvements	155,131,220	2,216,513	-	157,347,733
Machinery and equipment	40,516,803	4,397,247	(783,435)	44,130,615
Infrastructure	103,706,638	4,750,181	-	108,456,819
Total capital assets being depreciated	315,072,347	12,297,761	(783,435)	326,586,673
Less accumulated depreciation for:				
Land improvements	5,262,854	665,905	-	5,928,759
Buildings and improvements	62,125,350	3,995,960	-	66,121,310
Machinery and equipment	25,925,846	2,685,106	(691,204)	27,919,748
Infrastructure	76,295,581	1,596,721	-	77,892,302
Total accumulated depreciation	169,609,631	8,943,692	(691,204)	177,862,119
Total capital assets being depreciated, net	145,462,716	3,354,069	(92,231)	148,724,554
Governmental activities capital assets, net	\$ 167,345,081	\$ 29,308,374	\$ (8,177,551)	\$ 188,475,904

Town of Stratford, Connecticut

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Business-Type Activities				
Capital assets, being depreciated:				
Land improvements	\$ 2,179,777	\$ -	\$ -	\$ 2,179,777
Buildings and improvements	71,588,682	-	(6,185)	71,582,497
Machinery and equipment	14,222,837	368,214	-	14,591,051
Infrastructure	21,602,099	-	-	21,602,099
Total capital assets being depreciated	109,593,395	368,214	(6,185)	109,955,424
Less accumulated depreciation for:				
Land improvements	2,049,374	7,448	-	2,056,822
Buildings and improvements	23,948,918	3,238,601	-	27,187,519
Machinery and equipment	11,912,097	377,511	-	12,289,608
Infrastructure	13,465,173	295,421	-	13,760,594
Total accumulated depreciation	51,375,562	3,918,981	-	55,294,543
Total capital assets being depreciated, net	58,217,833	(3,550,767)	(6,185)	54,660,881
Business-type capital assets, net	\$ 58,217,833	\$ (3,550,767)	\$ (6,185)	\$ 54,660,881

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

Governmental activities	
General government	\$ 618,045
Human Development	389,024
Physical Development	3,166,950
Public Safety	1,407,891
Education	3,361,782
Total depreciation expense - governmental activities	\$ 8,943,692
Business-type activities	
Waste Operating	\$ 3,666,824
Short Beach Golf Course	14,974
Emergency Medical Services	237,183
Total depreciation expense - business-type activities	\$ 3,918,981

Town of Stratford, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 21,425,409	\$ 55,937,060
Nonmajor Governmental Funds		
Community Development	158	7,255
Shellfish and Oysters	71,491	-
Railroad Property	939,070	-
Miscellaneous Grants	(11,975)	91,459
Recreation	87,211	-
Department of Children and Family Services	116,971	-
Counseling Center	74,813	15,000
Harbor Management	157,782	-
Recycling	13,117	-
Gas Pipeline	463,647	-
Town Aid Road	87,980	-
Senior Citizens	64,575	-
Redevelopment Agency	418,074	-
Sewer Maintenance	35,576	-
Reserve Fund	394,676	513
Debt Service Fund	1,386,561	-
Capital Projects Funds	37,278,248	19,184,693
Enterprise Funds		
Waste Operating	3,842,902	-
Emergency Medical Services	-	1,941,535
Internal Service Fund	10,331,229	-
	<u>\$ 77,177,515</u>	<u>\$ 77,177,515</u>

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

	Advance to Other Funds	Advance from Other Funds
General Fund	\$ 757,697	\$ -
Short Beach Golf Course Fund	-	757,697
	<u>\$ 757,697</u>	<u>\$ 757,697</u>

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

Interfund Transfers:

	General	Capital Projects	Transfers In Nonmajor Enterprise	Nonmajor Governmental	Total
Transfers Out					
General Fund	\$ -	\$ 1,470,477	\$ -	\$ 181,000	\$ 1,651,477
Waste Operating Fund	300,000	-	-	-	300,000
Nonmajor Enterprise Funds	400,000	-	-	-	400,000
Nonmajor Governmental Funds	2,630,040	-	-	-	2,630,040
	<u>\$ 3,330,040</u>	<u>\$ 1,470,477</u>	<u>\$ -</u>	<u>\$ 181,000</u>	<u>\$ 4,981,517</u>

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

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2015 was as follows:

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

	Beginning Balance, Restated*	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds and notes	\$ 283,583,628	\$ 42,740,000	\$ 28,565,238	\$ 297,758,390	\$ 18,936,239
Premium on general obligation bonds	3,630,831	4,206,613	535,482	7,301,962	-
Capital leases	1,213,633	1,513,102	308,689	2,418,046	521,718
Claims and judgments	750,000	-	-	750,000	-
Unsettled contract reserve	-	700,000	-	700,000	-
Compensated absences	6,515,165	7,469,363	7,436,357	6,548,171	6,548,171
Landfill monitoring closure and postclosure costs	7,800,000	-	-	7,800,000	-
Net pension liability- PERS	43,843,080	23,775,551	18,016,482	49,602,149	-
OPEB liability	44,727,900	12,697,800	-	57,425,700	-
Risk management	11,011,000	3,753,786	3,873,786	10,891,000	-
Governmental activities long-term liabilities	\$ 403,075,237	\$ 96,856,215	\$ 58,736,034	\$ 441,195,418	\$ 26,006,128
Business-Type Activities					
General obligation bonds payable	2,048,487	-	135,122	1,913,365	134,122
Premium on general obligation bonds	37,750	-	3,595	34,155	-
Notes payable	37,982,975	-	2,281,303	35,701,672	-
Capital leases	51,349	-	4,941	46,408	5,243
Compensated absences	230,559	334,484	311,227	253,816	203,000
Business-type activities long-term liabilities	\$ 40,351,120	\$ 334,484	\$ 2,736,188	\$ 37,949,416	\$ 342,365

*Amounts restated for implementation of GASB No. 68

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

As of June 30, 2015, the outstanding general obligation bonded indebtedness of the Town recorded in the governmental activities was as follows:

School bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from July 2024 to December 2033	\$ 40,912,235
General obligation pension bonds with interest rates ranging from .5% to 5.037% and varying expiration dates from June 2018 to August 2038	179,045,000
General obligation bonds with interest rates ranging from 2.0% - 5.125% and expiration dates from July 2024 to December 2033	70,553,765
Energy bonds with interest rates of 3.24% and expiring on June 30, 2030	7,247,390
Total	<u><u>\$ 297,758,390</u></u>

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

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 18,936,239	\$ 12,432,850	\$ 31,369,089
2017	20,852,239	11,941,847	32,794,086
2018	21,627,239	11,340,667	32,967,906
2019	17,795,239	10,701,760	28,496,999
2020	17,198,239	10,080,791	27,279,030
2021-2025	77,507,193	40,859,077	118,366,270
2026-2030	53,237,002	26,367,154	79,604,156
2031-2035	44,625,000	13,784,933	58,409,933
2036-2039	25,980,000	3,112,200	29,092,200
	<u><u>\$ 297,758,390</u></u>	<u><u>\$ 140,621,279</u></u>	<u><u>\$ 438,379,669</u></u>

The State of Connecticut reimburses the Town for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2015 was approximately \$312,391. Additional payments for bond principal aggregating approximately \$713,000 are expected to be received through the bonds' maturity dates.

2014 general obligation refunding bond - in-substance defeasance: On December 3, 2014, the Town issued \$9,735,000 of general obligation refunding bonds with an average interest rate of 4%, of which the proceeds were used to advance refund the outstanding principal of amounts of the general obligation bonds of the Town dated 2010A and 2010D (the Refunding Bonds). Net proceeds of \$9,994,532 (including a premium on issuance of \$259,532) was placed in an irrevocable trust under an Escrow Agreement dated December 17, 2014 between the Town and Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of United States Treasury State and Local Government Series ("SLGS") securities all of which shall not be callable or pre-payable at the option of the issuer thereof (the "Escrow Securities"). All investment income on, and maturing principal of, the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest payments, and redemption prices of the Refunded Bonds will be used to pay costs of issuance, including the underwriter's discount.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

The balance in escrow at June 30, 2015 was \$15,043,469 which includes proceeds from the October 2013 refunding. The balance of the defeased bonds was approximately \$14,620,000 at June 30, 2015. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Compensated absences: Included in long-term liabilities is the estimated obligation for employee compensated absences that has not become due, aggregating \$6,548,171 as of June 30, 2015.

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

Unsettled contract reserve: Included in long-term liabilities is the estimated obligation for retro-pay on union contracts in negotiation as of June 30, 2015.

Bond authorizations: Bonds authorized but unissued at June 30, 2015 are as follows:

General purpose	\$ 3,116,610
Schools	67,167,423
Sewers	1,327,141

Business-type activities obligations: At June 30, 2015, long-term debt in the Enterprise Funds consists of the following:

Energy bonds with interest rate of 3.24% and expiring on June 30, 2030	\$ 459,365
Emergency Management Facility bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from August 2022 to December 2027	1,454,000
Clean Water Fund notes, due in varying installments, plus interest at 2%, through 2030	35,701,672
	<u>\$ 37,615,037</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>
2016	\$ 2,325,852	\$ 763,805	\$ 3,089,657
2017	2,369,091	715,485	3,084,576
2018	2,414,223	665,772	3,079,995
2019	2,502,266	613,584	3,115,850
2020	2,551,237	559,366	3,110,603
2021-2025	13,493,627	1,950,196	15,443,823
2026-2030	11,958,741	535,164	12,493,905
	<u>\$ 37,615,037</u>	<u>\$ 5,803,372</u>	<u>\$ 43,418,409</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 367,807	\$ 78,308	\$ 289,499
Schools	735,615	111,431	624,184
Sewers	613,012	37,488	575,524
Urban renewal	531,277	-	531,277
Pension deficit	490,410	179,045	311,365

The total overall statutory debt limit for the Town does not exceed the legal debt limitation that is equal to seven times annual receipts from taxation (\$1,144.2 million).

Capital leases:

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

During 2015 the town made principal payments of \$209,188. The following is a summary of capital lease commitments as of June 30, 2015.

<u>Year Ending June 30:</u>	<u>Amount</u>
2016	\$ 613,922
2017	567,089
2018	500,388
2019	487,148
2020	112,201
Thereafter	312,752
Total minimum lease payments	2,593,500
Less amount representing interest	(175,454)
Present value of minimum lease payments	<u>\$ 2,418,046</u>

The assets acquired through capital leases are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
Asset Class	
Building and improvements	\$ 1,333,978
Machinery and equipment	4,528,279
Less accumulated depreciation	(1,847,651)
Net book value	<u>\$ 4,014,606</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

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

During 2015 the WPCA and EMS fund made principal payments of \$4,941. The following is a summary of capital lease commitments as of June 30, 2015.

<u>Year Ending June 30:</u>	<u>Amount</u>
2016	\$ 6,463
2017	7,498
2018	4,443
2019	5,281
2020	7,112
Thereafter	19,823
Total minimum lease payments	50,620
Less amount representing interest	(4,212)
Present value of minimum lease payments	<u>\$ 46,408</u>

The assets acquired through capital leases are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
Asset Class	
Building and improvements	\$ 104,051
Machinery and equipment	25,162
Less accumulated depreciation	(19,750)
Net book value	<u>\$ 109,463</u>

Town of Stratford, Connecticut

Notes to Financial Statements

Note 7. Fund Balances

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 33,688	\$ 33,688
Prepays	11,962	-	-	11,962
Advances to other funds	757,697	-	-	757,697
Restricted for:				
Grants	-	-	86,332	86,332
Education	-	-	3,136,995	3,136,995
Human development	-	-	133,145	133,145
Public safety	115,669	-	-	115,669
Committed to:				
Education	-	-	220,263	220,263
Human development	-	-	1,516,320	1,516,320
Physical development	-	-	1,059,413	1,059,413
Public safety	-	-	414,178	414,178
Capital projects	-	18,678,619	-	18,678,619
Debt Service	-	-	1,386,561	1,386,561
Assigned to:				
Education encumbrances	126,991	-	-	126,991
Unassigned	7,984,818	-	(1,009,343)	6,975,475
Total fund balances	\$ 8,997,137	\$ 18,678,619	\$ 6,977,552	\$ 34,653,308

Significant encumbrances at June 30, 2015 are contained in the above table in both the assigned and committed categories

Deficit fund equity:

The Town has the following fund deficits at June 30, 2015:

School Lunch Program*	\$ (512,292)
Community Development*	(46,032)
Short Beach Golf Course*	(623,604)
Miscellaneous Grants*	(417,331)
Internal Service**	(631,193)

* Deficit will be eliminated through future charges for services

** Deficit will be eliminated through future appropriations

Town of Stratford, Connecticut

Notes to Financial Statements

Note 8. Risk Management

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

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

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

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

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

Fiscal Year	Claims Payable, July 1	Current Year Claims and Changes in Estimates	Payment of Claims	Claims Payable, June 30
2014	\$ 8,617,293	\$ 9,562,116	\$ 7,168,409	\$ 11,011,000
2015	11,011,000	14,130,738	14,250,738	10,891,000

Town of Stratford, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies

Lawsuits: There are several personal injury, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. The Town has recorded in the government-wide financial statements \$750,000 to cover claims not covered by insurance. At this time, the Town has determined that none of the claims outstanding are due within the next 12 months.

Municipal solid waste service agreement: The Town has entered into a Greater Bridgeport Regional Solid Waste Interlocal Agreement (Interlocal Agreement) which creates the Greater Bridgeport Regional Solid Waste Committee (Operating Committee) as a public body comprised of various southwest Connecticut municipalities for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste after June 30, 2014. Wheelabrator agreed to contract terms of \$60.00 per ton up to 175,000 aggregate annual tonnage for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change, subject to an executable contract and Wheelabrator Board approvals.

Note 10. Other Post-Employment Benefits

Post-employment benefits:

Plan description and membership: The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The single-employer plan covers Town, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate standalone financial statements for the plan. At July 1, 2014, plan membership consisted of the following:

Active members	1,096
Retired members	844
Spouses of retired members	282
Total participants	2,222

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

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

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

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.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

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

Medical Benefits:

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

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

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

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

Life Insurance:

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

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

Medical and Dental Benefits:

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

Life Insurance:

\$15,000.

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

Medical and Dental Benefits:

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

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

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

Medical and Dental Benefits:

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

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

Medical and Dental Benefits:

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

Life Insurance:

\$7,000.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

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

Medical and Dental Benefits:

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

Life Insurance:

\$15,000.

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

Medical and Dental Benefits

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

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

	Town	Board of Education
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level percent	Level percent
Remaining amortization period	30 years-decreasing	30 years-decreasing
Actuarial assumptions:		
Investment rate of return	4.00%	4.00%
Medical Inflation Rate over 62 years	5.60-4.60%	5.60-4.60%

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

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

	Town	Board of Education	Total
Annual required contribution (ARC)	\$ 12,565,600	\$ 7,916,600	\$ 20,482,200
Interest on OPEB obligation	1,056,200	732,900	1,789,100
Adjustment to annual required contribution	(1,144,200)	(794,000)	(1,938,200)
Annual OPEB cost	12,477,600	7,855,500	20,333,100
Contributions made	4,862,400	2,772,900	7,635,300
Increase in net OPEB obligation	7,615,200	5,082,600	12,697,800
Net OPEB obligation, beginning of year	26,404,700	18,323,200	44,727,900
Net OPEB obligation, end of year	<u>\$ 34,019,900</u>	<u>\$ 23,405,800</u>	<u>\$ 57,425,700</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 is presented below.

Town

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2013	7,226,500	3,927,300	54.3%	22,422,500
6/30/2014	8,429,600	4,447,400	52.8%	26,404,700
6/30/2015	12,477,600	4,862,400	39.0%	34,019,900

Board of Education

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2013	4,868,300	3,084,700	63.4%	15,667,000
6/30/2014	5,285,700	2,629,500	49.7%	18,323,200
6/30/2015	7,855,500	2,772,900	35.3%	23,405,800

Town of Stratford, Connecticut

Notes to Financial Statements

Note 10. Other Post-Employment Benefits (Continued)

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:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Town</u>						
7/1/2014	\$ 2,054,000	\$ 138,009,000	\$ 135,955,000	1.5%	\$ 26,923,000	505.0%
<u>Board of Education</u>						
7/1/2014	1,338,000	101,818,000	100,480,000	1.3%	49,062,000	204.8%

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

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

Note 11. Landfill Closure and Post-Closure Monitoring

State and federal laws and regulations require that the Town place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The estimated total current cost of the landfill closure and post-closure care, aggregating approximately \$7.8 million, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfills as of June 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants. The Town is currently in discussions with the Department of Environmental Protection to develop and implement a superfund site plan, which needs to occur prior to the capping process. Therefore, there is no current portion of the liability reflected in the financial statements. Once an agreement is established the current portion will be reported.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Systems and Pension Plans

Employee defined benefit pension plan:

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

As of July 1, 2014, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and Beneficiaries	
Currently receiving benefits	636
Vested, benefits deferred	16
Current Employees	
Active	267
Nonvested	
Suspended	17
	<hr/>
	936
	<hr/>

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

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

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

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

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

Net Pension Liability: The Town's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013.

Investments:

Investment policy: The Plan's policy in regards to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2015.

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

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	Barclays Aggregate	34.00%	2.09%	1.85%
Large Cap US Equities	S&P 500	21.00%	5.61%	4.15%
Mid Cap US Equities	Russell Mid Caps	10.00%	6.36%	4.24%
Small Cap US Equities	Russell 2000	10.00%	7.36%	4.39%
Developed Foreign Equities	MSCI EAFE	10.00%	6.02%	4.15%
Real Estate (Property)	NCREIF/TBI Property	10.00%	4.43%	3.66%
Commodities	DJ UBS	5.00%	3.58%	1.95%
Assumed Inflation - Mean			2.50%	2.50%
Assumed Inflation - Standard Deviation			2.00%	2.00%
Portfolio Real Mean Return			4.49%	3.99%
Portfolio Nominal Mean Return			7.01%	6.49%
Portfolio Standard Deviation				10.54%
Long-Term Expected Rate of Return				6.75%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.91 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Stratford, Connecticut

Notes to Financial Statements

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

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2015 were as follows:

Change in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 303,648,102	\$ 259,805,022	\$ 43,843,080
Changes for the year			
Service cost	3,385,914	-	3,385,914
Interest	19,990,548	-	19,990,548
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(1,300,909)	-	(1,300,909)
Changes of assumptions	-	-	-
Contributions - employer	-	5,220,969	(5,220,969)
Contributions - Member	-	1,577,895	(1,577,895)
Net Investment Income		9,916,709	(9,916,709)
Benefit payments, including refunds of employee contributions	(20,806,934)	(20,806,934)	-
Administrative expense	-	(399,089)	399,089
Net changes	1,268,619	(4,490,450)	5,759,069
Balances at 6/30/15	\$ 304,916,721	\$ 255,314,572	\$ 49,602,149

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2015. There have been no significant changes between the valuation date and the fiscal year end.

Discount rate:

Discount Rate

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

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

Valuation date	July 1, 2014
Measurement date	June 30, 2015
Inflation	2.25%
Salary increases including inflation	4.0%
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale AA
Actuarial cost method	Entry Age Normal
Asset valuation method	5 years, non-asymptotic recognition method

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

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

	1% Decrease 5.75	Current Discount Rate 6.75	1% Increase 7.75
Total pension liability	\$ 339,204,444	\$ 304,916,721	\$ 277,151,181
Fiduciary net pension	255,314,572	255,314,572	255,314,572
Net pension liability	\$ 83,889,872	\$ 49,602,149	\$ 21,836,609

For the year ended June 30, 2015, the Town of Stratford recognized pension expense of \$6,194,087. As of June 30, 2015, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Net
Differences between expected and actual experience	\$ (906,694)	\$ -	\$ (906,694)
Net difference between projected and actual earnings	-	5,692,645	5,692,645
	\$ (906,694)	\$ 5,692,645	\$ 4,785,951

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

Year Ended June 30

2016	\$ 1,028,946
2017	1,028,946
2018	1,304,897
2019	1,423,162
2020	-
Thereafter	-
	\$ 4,785,951

Town of Stratford, Connecticut

Notes to Financial Statements

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

Connecticut State Teachers' Retirement System:

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

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

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

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$12,211,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

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

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

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

Town of Stratford, Connecticut

Notes to Financial Statements

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

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

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

Participants are required to contribute 6.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$3,509,125 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$48,402,000. The Town is not required to contribute to the plan.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. Equities	21%	7.3%
Developed non-U.S. equities	18%	7.5%
Emerging markets (non-U.S.)	9%	8.6%
Core Fixed Income Fund	7%	1.7%
Inflation Linked Bond Fund	3%	1.3%
Emerging Market Debt Fund	5%	4.8%
High Yield Bond Fund	5%	3.7%
Real Estate Fund	7%	5.9%
Private Equity	11%	10.9%
Alternative Investments	8%	0.7%
Liquidity Fund	6%	0.4%
	<u>100%</u>	

Town of Stratford, Connecticut

Notes to Financial Statements

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

Discount rate: The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net pension liability	\$162,866,318	\$127,624,060	\$97,667,097

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$127,458,777 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized \$9,575,453 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Defined contribution pension plan: The Town administers a defined contribution pension plan that was opened to new members and contributions beginning in 1999. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are vested after five years of service with the Town and contribute between 6-8% annually, depending on the union. Plan investments are reported at fair value. The Town has no fiduciary responsibility over the assets of the Plan and therefore not included in the Town's financial statements. Benefits and contributions are established by the Town and may be amended by the Town Council and union negotiations. The Town's contribution for the fiscal years ended June 30, 2015 and 2014, were \$1,127,291 and \$1,025,180, respectively.

Town of Stratford, Connecticut

Notes to Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- ***GASB Statement No. 72, Fair Value Measurement and Application.*** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- ***GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,*** completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- ***GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,*** addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- ***GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*** addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

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

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- **GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- **GASB Statement No. 77, Tax Abatement Disclosures.** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Town of Stratford, Connecticut

Notes to Financial Statements

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

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- **GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*.** This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- **GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.** This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this Statement are effective for financial statements for periods beginning after beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 14. Restatement- Adoption of Accounting Standard

The Town's financial statements have been restated as of June 30, 2014. The restatement is a result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Governmental activities will show a restatement of net position for the beginning of the year as follows:

Net position, June 30, 2014, as previously reported	\$ 15,943,365
Remove: June 30, 2014 net pension asset under GASB 27 before implementation of GASB Statement No. 68: Defined benefit plan	(164,137,080)
Add: Implementation of GASB Statement No. 68: Beginning net pension liability for: Defined benefit plan	(43,843,080)
Net position (deficit), June 30 2014, as restated	<u><u>\$ (192,036,795)</u></u>

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**Required Supplementary
Information - *unaudited***

Required Supplementary Information - unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual -
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Current levy	\$ 159,162,396	\$ 159,162,396	\$ 159,521,417	\$ 359,021
Arrears	2,110,000	2,110,000	3,583,315	1,473,315
Interest and lien fees	639,000	639,000	567,363	(71,637)
Payment in lieu of taxes	278,000	278,000	223,206	(54,794)
Total property taxes	162,189,396	162,189,396	163,895,301	1,705,905
Intergovernmental Revenues				
State				
Education equalization grant	21,360,437	21,360,437	21,463,543	103,106
School bond principal	263,203	263,203	262,813	(390)
School bond interest	49,578	49,578	49,578	-
Special education	1,438,160	1,438,160	1,438,160	-
Veterans' additional relief	160,000	160,000	138,826	(21,174)
In lieu of State property tax	331,727	331,727	400,622	68,895
State in school security grant	883,000	883,000	-	(883,000)
State disability exemption	9,900	9,900	8,594	(1,306)
Elderly exemption and circuit breaker	560,000	560,000	539,540	(20,460)
Elderly freeze	6,000	6,000	6,000	-
State transportation	294,413	294,413	291,754	(2,659)
State health CGS	83,530	83,530	73,324	(10,206)
State telecom personal property	140,000	140,000	130,837	(9,163)
Municipal revenue sharing	3,298,976	3,298,976	3,298,976	-
Airplane registration	55,000	55,000	61,260	6,260
Mashantucket grant	163,537	163,537	168,339	4,802
School transportation	92,103	92,103	102,887	10,784
Total state	29,189,564	29,189,564	28,435,053	(754,511)
Federal				
Civil preparedness	1,200	1,200	22,405	21,205
Total federal	1,200	1,200	22,405	21,205
Total intergovernmental revenues	29,190,764	29,190,764	28,457,458	(733,306)
Departmental Revenues				
Town Clerk	737,200	737,200	872,721	135,521
Police Department	95,900	95,900	82,699	(13,201)
Planning and Zoning	85,500	85,500	94,084	8,584
Health Department	102,550	102,550	138,428	35,878
Education	144,110	144,110	311,379	167,269
Public Works	490,500	490,500	499,702	9,202
Finance	430,000	430,000	313,092	(116,908)
Recreation	48,900	48,900	67,717	18,817
Sanitation	255,000	255,000	546,692	291,692
Inland Wetlands	26,000	26,000	10,425	(15,575)
Baldwin Center	9,000	9,000	8,775	(225)
Total departmental revenues	2,424,660	2,424,660	2,945,714	521,054

(Continued)

Required Supplementary Information - unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Licenses and Permits				
Building permits	\$ 430,000	\$ 430,000	\$ 554,064	\$ 124,064
Boothe Memorial Park income	36,000	36,000	39,371	3,371
Building education training fee	1,400	1,400	666	(734)
Public Works licenses	1,300	1,300	1,200	(100)
Street and sewer permits	18,000	18,000	25,565	7,565
Beach stickers/concessions	102,500	102,500	90,952	(11,548)
Total licenses and permits	589,200	589,200	711,818	122,618
Investment Income	60,000	60,000	84,978	24,978
Other				
Miscellaneous rental:				
Cell tower rentals	115,000	115,000	116,360	1,360
Other Baldwin rental	3,000	3,000	2,819	(181)
Land use rent	650,000	650,000	650,000	-
Medicare reimbursement	70,000	70,000	-	(70,000)
Health reimbursements	1,708,450	1,708,450	1,707,074	(1,376)
Social Security reimbursements	335,000	335,000	224,657	(110,343)
Fire and liability reimbursements	398,290	398,290	321,290	(77,000)
Fire administration miscellaneous revenue	35,000	35,000	52,000	17,000
Medical examination reimbursements	16,000	16,000	16,792	792
Workers' compensation reimbursement	224,515	224,515	224,470	(45)
Workers' compensation recovery	50,000	50,000	50,008	8
Insurance recovery	50,000	50,000	40,288	(9,712)
Capital improvement earnings	20,000	20,000	-	(20,000)
Miscellaneous	388,800	388,800	207,366	(181,434)
Police special duty - administration	97,000	97,000	90,345	(6,655)
Daily Parking Fees	70,000	70,000	-	(70,000)
Gain on Sale (Land)	4,500,000	4,500,000	-	(4,500,000)
Custodian revenue	180,000	180,000	138,967	(41,033)
Boothe Estates	36,000	36,000	67,241	31,241
Total other	8,947,055	8,947,055	3,909,677	(5,037,378)
Total revenues	203,401,075	203,401,075	200,004,946	(3,396,129)

(Continued)

Required Supplementary Information - unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual -
(Non-GAAP Budgetary Basis) (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources				
Transfers in	\$ 830,000	\$ 830,000	\$ 3,330,040	\$ 2,500,040
Total	\$ 204,231,075	\$ 204,231,075	203,334,986	\$ (896,089)

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.	12,211,000
The Town does not budget for capital leases issuance in the general fund. these amounts are recorded as revenues and expenditures for GAAP financial statement purposes.	1,262,726
Public safety overtime reimbursements	747,907
Dog Fund revenue not budgeted in the General Fund.	<u>26,422</u>

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

\$ 217,583,041

See Note to Required Supplementary Information.

Required Supplementary Information - unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 (Non-GAAP Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration				
Council Clerk	\$ 82,224	\$ 82,224	\$ 98,745	\$ (16,521)
Office of the Mayor	288,706	288,706	315,670	(26,964)
Human resources	703,460	703,460	896,812	(193,352)
Town Attorney	1,402,128	1,402,128	1,602,212	(200,084)
Chief Administrative Officer	214,580	214,580	223,289	(8,709)
Department of Planning	275,185	275,185	265,964	9,221
Registrar of Voters	303,368	303,368	311,236	(7,868)
Town Clerk	385,081	385,081	379,129	5,952
Town buildings	531,600	531,600	499,300	32,300
Agencies	262,035	262,035	212,439	49,596
Information Technology	547,496	547,496	417,436	130,060
Total	4,995,863	4,995,863	5,222,232	(226,369)
Overhead/Debt				
Contingency	5,468,080	5,468,080	5,137,971	330,109
Debt Retirement(Principal and Interest)	11,677,768	11,677,768	10,442,944	1,234,824
Employee Benefits	41,607,298	41,607,298	43,778,099	(2,170,801)
Total	58,753,146	58,753,146	59,359,014	(605,868)
Finance				
Administration	170,161	170,161	190,998	(20,837)
Accounting	497,611	497,611	474,560	23,051
Purchasing	160,868	160,868	156,697	4,171
Tax Assessor	448,645	448,645	391,758	56,887
Tax Collector	451,545	451,545	444,052	7,493
Total	1,728,830	1,728,830	1,658,065	70,765
Community services	443,977	443,977	440,831	3,146
Economic Community Development	247,331	247,331	233,347	13,984
Health Department	559,099	559,099	596,607	(37,508)
Recreation Department	716,872	716,872	633,607	83,265
Senior Services	550,054	550,054	527,366	22,688
Sterling House	132,483	132,483	132,483	-
Stratford Library Association	2,977,068	2,977,068	2,977,068	-
Visiting Nurses Association	53,500	53,500	53,500	-
Short Beach	171,734	171,734	195,288	(23,554)
Total	5,852,118	5,852,118	5,790,097	62,021

(Continued)

Required Supplementary Information - unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 (Non-GAAP Budgetary Basis) (Continued)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Physical Development				
Public works:				
Administration	\$ 435,139	\$ 435,139	\$ 583,019	\$ (147,880)
Building inspection	240,070	240,070	241,423	(1,353)
Building maintenance	1,669,223	1,669,223	1,598,632	70,591
Engineering	486,745	486,745	492,093	(5,348)
Parks	2,148,175	2,148,175	2,152,565	(4,390)
Highways	2,646,196	2,646,196	2,521,791	124,405
Town garage	694,888	694,888	704,939	(10,051)
Sanitation/refuse	4,242,797	4,242,797	3,928,060	314,737
Total	12,563,233	12,563,233	12,222,522	340,711
Public Safety				
Fire Department:				
Administration	464,569	464,569	448,326	16,243
Firefighting	10,550,216	10,550,216	10,772,272	(222,056)
Fire prevention	389,842	389,842	312,777	77,065
Police Department:				
Administration	960,716	960,716	927,663	33,053
Investigation	1,668,766	1,668,766	1,831,525	(162,759)
Patrol	5,886,605	5,886,605	6,631,424	(744,819)
Records	370,197	370,197	304,075	66,122
Traffic	581,297	581,297	594,442	(13,145)
Professional standards	553,892	553,892	531,021	22,871
Communications Center	959,027	959,027	977,747	(18,720)
Total	22,385,127	22,385,127	23,331,272	(946,145)
Board of Education	97,952,758	97,952,758	97,952,758	-
Total expenditures	204,231,075	204,231,075	205,535,960	(1,304,885)

(Continued)

Required Supplementary Information - unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual -
(Non-GAAP Budgetary Basis) (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Uses				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total	\$ 204,231,075	\$ 204,231,075	205,535,960	\$ (1,304,885)

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.

12,211,000

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.

(1,056,850)

The Town does not budget for capital leases issuances in the general fund. These amounts are recorded as revenue and expenditures for GAAP financial statement purposes.

1,262,726

Public safety overtime reimbursements

747,907

Dog Fund expenditures not budgeted in the general fund.

288,619

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

\$ 218,989,362

See Notes to Required Supplementary Information.

Required Supplementary Information - unaudited
Schedules of Employer Contributions and Funding Progress - OPEB
June 30, 2015

Schedule of Employer Contributions - OPEB

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
<u>Town- OPEB</u>		
2010	8,617,400	36.1%
2011	9,171,800	35.6%
2012	6,511,300	54.0%
2013	6,965,000	56.4%
2014	8,202,800	54.2%
2015	12,565,600	38.7%
<u>Board of Education - OPEB</u>		
2010	5,404,400	37.4%
2011	5,479,200	36.1%
2012	4,390,000	68.4%
2013	4,678,400	65.9%
2014	5,127,200	51.3%
2015	7,916,600	35.0%

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Funded (Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	AAL (UAAL) as a Percentage of Covered Payroll (D)
<u>Town - OPEB</u>						
7/1/2008	\$ -	\$ 58,760,000	\$ 58,760,000	0.00%	N/A	N/A
7/1/2010	630,000	67,290,000	67,290,000	0.00%	N/A	N/A
7/1/2012	862,158	56,342,736	55,480,578	1.53%	N/A	N/A
7/1/2014	2,054,000	138,009,000	135,955,000	1.49%	26,923,000	505.0%
<u>Board of Education - OPEB</u>						
7/1/2008	\$ -	\$ 63,155,000	\$ 63,155,000	0.00%	N/A	N/A
7/1/2010	287,000	44,046,000	44,046,000	0.00%	N/A	N/A
7/1/2012	1,209,429	98,329,902	97,120,473	1.23%	N/A	N/A
7/1/2014	1,338,000	101,818,000	100,480,000	1.31%	49,062,000	204.8%

**Required Supplementary Information - unaudited
Schedule of Investment Returns- Defined Benefit Plan
June 30, 2015**

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

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension Liability and Related Ratios –
Defined Benefit Plan (in 1,000's)
June 30, 2015
Last Fiscal Year

	2015	2014
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 3,386	\$ 3,739
Interest on total pension liability	19,991	19,881
Effect of economic changes/demographic gains or (losses)	(1,301)	(462)
Benefit payments	(20,807)	(20,286)
Net change in total pension liability	<u>1,269</u>	<u>2,872</u>
Total Pension Liability, beginning	<u>303,648</u>	<u>300,776</u>
Total pension liability ending (a)	<u>304,917</u>	<u>303,648</u>
Fiduciary Net Position		
Employer contributions	5,221	162,209
Member contributions	1,578	1,683
Investment income net of investment expenses	9,917	26,333
Benefit payments	(20,807)	(20,286)
Administrative expenses	(399)	(239)
Net change in plan fiduciary net position	<u>(4,490)</u>	<u>169,700</u>
Fiduciary Net Position, beginning	<u>259,805</u>	<u>90,105</u>
Fiduciary net position, ending (b)	<u>255,315</u>	<u>259,805</u>
Net pension liability, ending = (a) - (b)	<u>\$ 49,602</u>	<u>\$ 43,843</u>
Fiduciary net position as a % of total pension liability	83.73%	85.56%
Covered payroll	22,237	22,771
Net pension liability as a % of covered payroll	223.06%	192.54%

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	\$ 5,185,559	\$ 12,720,477	\$ 10,264,676	\$ 8,521,128	\$ 8,526,398	\$ 7,233,412	\$ 5,622,712	\$ 5,646,579	\$ 12,435,843	\$ 11,651,536
Contributions in Relation to the Actuarially Determined Contribution	\$ 5,220,969	\$ 162,209,000	\$ 9,778,500	\$ 8,493,774	\$ 8,526,398	\$ 7,233,452	\$ 5,240,187	\$ 5,669,932	\$ 111,651,079	\$ 4,840,940
Contribution deficiency (excess)	\$ (35,410)	\$ (149,488,523)	\$ 486,176	\$ 27,354	\$ -	\$ (40)	\$ 382,525	\$ (23,353)	\$ (99,215,236)	\$ 6,810,596
Covered Employee Payroll	\$ 22,237,216	\$ 22,770,569	\$ 23,551,913	\$ 23,991,550	\$ 24,238,011	\$ 24,002,108	\$ 24,494,790	\$ 24,881,992	\$ 26,481,954	\$ 24,129,679
Contributions as a Percentage of Covered Employee Payroll	23.48%	712.36%	41.52%	35.40%	35.18%	30.14%	21.39%	22.79%	421.61%	20.06%

Notes to Schedule:

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	5 Year Smoothed Market Value
Investment Rate of Return	7.75% per annum
Retirement:	
Police	25 years of continuous service
Fire	25 years of continuous service
Board of Education and Supervisors	23 years of continuous services and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Para-Professionals	23 years of continuous services and, if hired after 4/1/85, age 50, or 5 years of service and age 55.
Public Works	23 years of continuous service and, if hired after 7/1/85, age 50, or 5 years of service and age 55.
Town Hall and Nurses	23 years of continuous service and, if hired after 7/1/77, age 50, or 5 years of service and age 55.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan
June 30, 2015

Measurement period,	2014
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	-
State's proportionate share of the net pension liability associated with the Town	\$ 127,624,060
Town's covered-employee payroll	47,921,000
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

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

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

Note 1. Note to Required Supplementary Information

Budgetary Information:

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

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

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

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

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

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

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

Budgeted amounts reported are as originally adopted, or as amended by the Town Council during the course of the year. No supplemental appropriations were approved for year ended June 30, 2015.

Expenditures Which Exceed Appropriations: The legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ending June 30, 2015, the administration, overhead/debt and public safety departments exceeded appropriations in the amount of \$226,369, \$605,868 and \$946,145, respectively, which constitutes a violation of statutory provisions.

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

General Fund

General Fund

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

Balance Sheet - General Fund
June 30, 2015

	2015
Assets	
Cash and Cash Equivalents	\$ 44,971,848
Receivables, Net	13,525,385
Prepays	11,962
Advance to Other Fund	757,697
Due from Other Funds	<u>21,425,409</u>
Total assets	<u>\$ 80,692,301</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 2,047,971
Accrued liabilities	1,565,929
Due to other funds	<u>55,937,060</u>
Total liabilities	<u>59,550,960</u>
Deferred Inflows of Resources	
Unavailable resources	<u>12,144,204</u>
Fund Balance	
Nonspendable	769,659
Restricted	115,669
Assigned	126,991
Unassigned	<u>7,984,818</u>
Total fund balance	<u>8,997,137</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 80,692,301</u>

Town of Stratford, Connecticut

EXHIBIT A-2

Report of Tax Collector
 General Fund
 For the Year Ended June 30, 2015

Grand List Year	Uncollected Taxes July 1, 2014	Current Levy	Lawful Corrections	Transfers to Suspense	Adjusted Taxes Collectible	Taxes Paid	Interest	Lien	Other	Total Collected	Uncollected Taxes June 30, 2015
2013	\$ -	\$ 162,605,174	\$ 108,110	\$ 14,159	\$ 162,727,443	\$ 158,559,699	\$ 565,440	\$ 1,923	\$ 30,252	\$ 159,157,314	\$ 4,167,744
2012	3,988,230	-	67,035	-	4,055,265	2,383,082	447,966	6,540	38,112	2,875,700	1,672,183
2011	1,418,237	-	67,296	-	1,485,533	561,031	236,542	2,294	29,358	829,225	924,502
2010	965,983	-	42,424	(526,616)	481,791	198,574	130,214	1,056	9,014	338,859	283,217
2009	292,904	-	337	-	293,241	106,169	96,639	777	9,153	212,738	187,072
2008	141,851	-	65	-	141,916	58,720	54,117	528	-	113,365	83,196
2007	55,346	-	297	-	55,643	27,663	28,896	288	-	56,847	27,980
2006	68,702	-	185	-	68,887	143	67	120	-	330	68,744
2005	8,724	-	109	-	8,833	124	67	72	-	263	8,709
2004	20,615	-	84	-	20,699	10	26	48	-	84	20,689
2003	28,438	-	-	-	28,438	10	(58)	48	-	-	28,428
2002	4,369	-	-	-	4,369	10	(58)	48	-	-	4,359
2001	113,950	-	-	-	113,950	414	893	-	197	1,504	113,536
2000	286,556	-	-	-	286,556	59	144	-	30	233	286,497
1999	83,208	-	-	-	83,208	7	8	2	12	29	83,201
	<u>\$ 7,477,113</u>	<u>\$ 162,605,174</u>	<u>\$ 285,942</u>	<u>\$ (512,457)</u>	<u>\$ 169,855,772</u>	<u>\$ 161,895,715</u>	<u>\$ 1,560,903</u>	<u>\$ 13,744</u>	<u>\$ 116,128</u>	<u>\$ 163,586,490</u>	<u>\$ 7,960,057</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
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

Debt Service Fund

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

Permanent Funds

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

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

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Special Revenue						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Assets							
Cash and Cash Equivalents	\$ 150,437	\$ -	\$ 309,183	\$ -	\$ -	\$ 395,172	\$ -
Investments	-	-	-	-	-	-	-
Accounts Receivable	356,962	218,190	28,781	-	-	58,750	-
Intergovernmental	-	45,648	-	-	-	-	-
Due from Other Funds	-	158	-	71,491	74,813	-	418,074
Inventory	33,688	-	-	-	-	-	-
Total assets	\$ 541,087	\$ 263,996	\$ 337,964	\$ 71,491	\$ 74,813	\$ 453,922	\$ 418,074
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ 1,053,379	\$ 38,934	\$ 1,177	\$ -	\$ 2,571	\$ 25,896	\$ -
Unearned Revenue	-	-	116,164	-	-	-	-
Due to other funds	-	7,255	-	-	15,000	-	-
Total liabilities	1,053,379	46,189	117,341	-	17,571	25,896	-
Deferred Inflows of Resources							
Unavailable resources	-	263,839	-	-	-	-	-
Fund Balances (Deficits)							
Nonspendable	33,688	-	-	-	-	-	-
Restricted	-	-	-	-	-	428,026	-
Committed	-	-	220,623	71,491	57,242	-	418,074
Unassigned	(545,980)	(46,032)	-	-	-	-	-
Total fund balances (deficits)	(512,292)	(46,032)	220,623	71,491	57,242	428,026	418,074
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 541,087	\$ 263,996	\$ 337,964	\$ 71,491	\$ 74,813	\$ 453,922	\$ 418,074

(Continued)

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue					
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Town Aid Road	Senior Citizens
Assets						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 504	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable	-	-	40,200	-	-	-
Intergovernmental	-	439,548	-	-	-	-
Due from Other Funds	939,070	(11,975)	116,971	87,211	87,980	64,575
Inventory	-	-	-	-	-	-
Total assets	\$ 939,070	\$ 427,573	\$ 157,171	\$ 87,715	\$ 87,980	\$ 64,575
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)						
Liabilities						
Accounts payable	\$ 11,079	\$ 171,318	\$ 16,416	\$ 17,735	\$ 1,648	\$ 6,421
Unearned Revenue	-	278,538	-	-	-	-
Due to other funds	-	91,459	-	-	-	-
Total liabilities	11,079	541,315	16,416	17,735	1,648	6,421
Deferred Inflows of Resources						
Unavailable resources	-	303,589	7,610	-	-	-
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	133,145	-	86,332	-
Committed	927,991	-	-	69,980	-	58,154
Unassigned	-	(417,331)	-	-	-	-
Total fund balances (deficits)	927,991	(417,331)	133,145	69,980	86,332	58,154
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 939,070	\$ 427,573	\$ 157,171	\$ 87,715	\$ 87,980	\$ 64,575

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds							
	Police Special Services	Harbor Management	Recycling	Gas Pipeline	Sewer Maintenance	Reserve	Totals	
Assets								
Cash and Cash Equivalents	\$ 414,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,269,474	
Investments	-	-	-	-	-	-	-	
Accounts Receivable	-	-	-	-	-	-	702,883	
Intergovernmental	-	-	-	-	-	-	485,196	
Due from Other Funds	-	157,782	13,117	463,647	35,576	394,676	2,913,166	
Inventory	-	-	-	-	-	-	33,688	
Total assets	\$ 414,178	\$ 157,782	\$ 13,117	\$ 463,647	\$ 35,576	\$ 394,676	\$ 5,404,407	
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)								
Liabilities								
Accounts payable	\$ -	\$ 4,735	\$ -	\$ -	\$ 24,047	\$ 42,759	\$ 1,418,115	
Unearned Revenue	-	-	-	-	-	20,302	415,004	
Due to other funds	-	-	-	-	-	513	114,227	
Total liabilities	-	4,735	-	-	24,047	63,574	1,947,346	
Deferred Inflows of Resources								
Unavailable resources	-	-	-	-	-	-	575,038	
Fund Balances (Deficits)								
Nonspendable	-	-	-	-	-	-	33,688	
Restricted	-	-	-	-	-	-	647,503	
Committed	414,178	153,047	13,117	463,647	11,529	331,102	3,210,175	
Unassigned	-	-	-	-	-	-	(1,009,343)	
Total fund balances (deficits)	414,178	153,047	13,117	463,647	11,529	331,102	2,882,023	
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 414,178	\$ 157,782	\$ 13,117	\$ 463,647	\$ 35,576	\$ 394,676	\$ 5,404,407	

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Permanent Funds					Debt Service	Total Nonmajor Governmental Funds
	Stratford High School	Bunnell High School	Stephen Boothe	David Boothe	Total	Debt Service Fund	
Assets							
Cash and Cash Equivalents	\$ 17,959	\$ 5,647	\$ 209,463	\$ 412,142	\$ 645,211	\$ -	\$ 1,914,685
Investments	204,119	93,506	533,285	1,232,848	2,063,758	-	2,063,758
Accounts Receivable	-	-	-	-	-	-	702,883
Intergovernmental	-	-	-	-	-	-	485,196
Due from Other Funds	-	-	-	-	-	1,386,561	4,299,727
Inventory	-	-	-	-	-	-	33,688
Total assets	\$ 222,078	\$ 99,153	\$ 742,748	\$ 1,644,990	\$ 2,708,969	\$ 1,386,561	\$ 9,499,937
Liabilities, Deferred Inflows of Sources and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1,418,116
Unearned Revenue	-	-	-	-	-	-	415,004
Due to other funds	-	-	-	-	-	-	114,227
Total liabilities	-	-	-	-	-	1	1,947,347
Deferred Inflows of Resources							
Unavailable resources	-	-	-	-	-	-	575,038
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	-	33,688
Restricted	222,078	99,153	742,748	1,644,990	2,708,969	-	3,356,472
Committed	-	-	-	-	-	1,386,560	4,596,735
Unassigned	-	-	-	-	-	-	(1,009,343)
Total fund balances (deficits)	222,078	99,153	742,748	1,644,990	2,708,969	1,386,560	6,977,552
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 222,078	\$ 99,153	\$ 742,748	\$ 1,644,990	\$ 2,708,969	\$ 1,386,561	\$ 9,499,937

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015**

	Special Revenue						
	School Lunch Program	Community Development	Education Federal and State Programs	Shellfish and Oysters	Counseling Center	Continuing Education	Redevelopment Agency
Revenues							
Intergovernmental	\$ 1,863,716	\$ 244,044	\$ 3,554,868	\$ -	\$ -	\$ -	\$ -
Departmental revenue	1,557,496	-	-	2,990	5,675	644,625	-
Licenses and permits	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other	-	-	\$ 291,364	-	47,493	-	-
Total revenue	3,421,212	244,044	3,846,232	2,990	53,168	644,625	-
Expenditures							
Current							
Education	3,624,353	-	3,625,609	-	-	482,882	-
Human development	-	-	-	-	45,687	-	-
Physical development	-	315,906	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total expenditures	3,624,353	315,906	3,625,609	-	45,687	482,882	-
Excess (deficiency) of revenues over expenditures	(203,141)	(71,862)	220,623	2,990	7,481	161,743	-
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(203,141)	(71,862)	220,623	2,990	7,481	161,743	-
Fund Balances (Deficits), Beginning of Year	(309,151)	25,830	-	68,501	49,761	266,283	418,074
Fund Balances (Deficits), End of Year	\$ (512,292)	\$ (46,032)	\$ 220,623	\$ 71,491	\$ 57,242	\$ 428,026	\$ 418,074

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue					
	Railroad Property	Miscellaneous Grants	Department of Children and Family Services	Recreation	Town Aid Road	Senior Citizens
Revenues						
Intergovernmental	\$ -	\$ 1,065,365	\$ 207,567	\$ -	\$ 592,906	\$ -
Departmental revenue	-	-	-	272,979	-	77,725
Licenses and permits	565,596	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	565,596	1,065,365	207,567	272,979	592,906	77,725
Expenditures						
Current						
Education	-	-	-	-	-	-
Human development	306,647	1,252,765	-	-	-	78,125
Physical development	-	-	401,528	244,963	-	-
Public safety	-	-	-	-	-	-
Capital Outlay	-	-	-	-	644,833	-
Total expenditures	306,647	1,252,765	401,528	244,963	644,833	78,125
Excess (deficiency) of revenues over expenditures	258,949	(187,400)	(193,961)	28,016	(51,927)	(400)
Other Financing Sources (Uses)						
Transfers in	-	-	181,000	-	-	-
Transfers out	(130,000)	-	-	-	-	-
Total other financing sources (uses)	(130,000)	-	181,000	-	-	-
Net change in fund balances (deficits)	128,949	(187,400)	(12,961)	28,016	(51,927)	(400)
Fund Balances (Deficits), Beginning of Year	799,042	(229,931)	146,106	41,964	138,259	58,554
Fund Balances (Deficits), End of Year	\$ 927,991	\$ (417,331)	\$ 133,145	\$ 69,980	\$ 86,332	\$ 58,154

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue Funds						Totals
	Police Special Services	Harbor Management	Recycling	Gas Pipeline	Sewer Maintenance	Reserve	
Revenues							
Intergovernmental	\$ -	\$ 33,173	\$ -	\$ -	\$ -	\$ -	\$ 7,561,639
Departmental revenue	-	39,877	-	-	-	191,997	2,793,364
Licenses and permits	-	-	-	-	-	-	565,596
Investment income	884	-	-	-	-	-	884
Other	147,188	-	-	-	-	-	486,045
Total revenue	148,072	73,050	-	-	-	191,997	11,407,528
Expenditures							
Current							
Education	-	-	-	-	-	-	7,732,844
Human development	-	-	-	-	-	151,392	1,834,616
Physical development	-	55,609	-	-	-	-	1,018,006
Public safety	91,548	-	-	-	-	-	91,548
Capital Outlay	-	-	-	-	-	-	644,833
Total expenditures	91,548	55,609	-	-	-	151,392	11,321,847
Excess (deficiency) of revenues over expenditures	56,524	17,441	-	-	-	40,605	85,681
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	181,000
Transfers out	-	-	-	-	-	-	(130,000)
Total other financing sources (uses)	-	-	-	-	-	-	51,000
Net change in fund balances (deficits)	56,524	17,441	-	-	-	40,605	136,681
Fund Balances (Deficits), Beginning of Year	357,654	135,606	13,117	463,647	11,529	290,497	2,745,342
Fund Balances (Deficits), End of Year	\$ 414,178	\$ 153,047	\$ 13,117	\$ 463,647	\$ 11,529	\$ 331,102	\$ 2,882,023

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Permanent Funds					Debt Service	Total Nonmajor Governmental Funds
	Stratford High School	Bunnell High School	Stephen Boothe	David Boothe	Total	Debt Service Fund	
Revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,561,639
Departmental revenue	-	-	-	-	-	-	2,793,364
Licenses and permits	-	-	-	-	-	-	565,596
Investment income	59,508	1,260	9,912	2,167	72,847	-	73,731
Other	-	62,368	-	-	62,368	-	548,413
Total revenue	59,508	63,628	9,912	2,167	135,215	-	11,542,743
Expenditures							
Current							
Education	55,061	67,596	35,928	60,690	219,275	-	7,952,119
Human development	-	-	-	-	-	-	1,834,616
Physical development	-	-	-	-	-	-	1,018,006
Public safety	-	-	-	-	-	-	91,548
Capital Outlay	-	-	-	-	-	-	644,833
Total expenditures	55,061	67,596	35,928	60,690	219,275	-	11,541,122
Excess (deficiency) of revenues over expenditures	4,447	(3,968)	(26,016)	(58,523)	(84,060)	-	1,621
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	181,000
Transfers out	-	-	-	-	-	(2,500,040)	(2,630,040)
Total other financing sources (uses)	-	-	-	-	-	(2,500,040)	(2,449,040)
Net change in fund balances (deficits)	4,447	(3,968)	(26,016)	(58,523)	(84,060)	(2,500,040)	(2,447,419)
Fund Balances (Deficits), Beginning of Year	217,631	103,121	768,764	1,703,513	2,793,029	3,886,600	9,424,971
Fund Balances (Deficits), End of Year	\$ 222,078	\$ 99,153	\$ 742,748	\$ 1,644,990	\$ 2,708,969	\$ 1,386,560	\$ 6,977,552

Capital Projects Fund

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The Town reports one capital project fund with the following sub-funds:

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

**Project Combining Balance Sheet
Capital Projects Fund
June 30, 2015**

	Capital Improvements	Capital Special Projects	Sidewalk and Roads	Sewer Revolving	Water Hookup	Capital Equipment	Interfund Eliminations	Totals
Assets								
Intergovernmental	\$ -	\$ 4,206,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,206,929
Special Assessments	-	-	5,298	828,955	12,516	-	-	846,769
Due from Other Funds	35,034,556	-	-	2,243,692	-	-	-	37,278,248
Total assets	\$ 35,034,556	\$ 4,206,929	\$ 5,298	\$ 3,072,647	\$ 12,516	\$ -	\$ -	\$ 42,331,946
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 877,743	\$ 2,179,139	\$ -	\$ -	\$ -	\$ 56,322	\$ -	\$ 3,113,204
Due to other funds	-	17,731,971	21,584	-	111,592	1,319,546	-	19,184,693
Total liabilities	877,743	19,911,110	21,584	-	111,592	1,375,868	-	22,297,897
Deferred Inflows of Resources								
Unavailable resources	-	508,661	5,297	828,955	12,517	-	-	1,355,430
Fund Balances								
Committed	34,156,813	(16,212,842)	(21,583)	2,243,692	(111,593)	(1,375,868)	-	18,678,619
Total liabilities and fund balances	\$ 35,034,556	\$ 4,206,929	\$ 5,298	\$ 3,072,647	\$ 12,516	\$ -	\$ -	\$ 42,331,946

Project Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund
For the Year Ended June 30, 2015

	Capital Improvements	Capital Special Projects	Sidewalk and Roads	Sewer Revolving	Water Hookup	Capital Equipment	Interfund Eliminations	Totals
Revenues								
Property taxes and assessments	\$ -	\$ -	\$ 3,932	\$ 197,517	\$ 3,364	\$ -	\$ -	\$ 204,813
Intergovernmental	9,389	8,586,844	-	-	-	144,403	-	8,740,636
Total revenues	9,389	8,586,844	3,932	197,517	3,364	144,403	-	8,945,449
Expenditures								
Debt Service	152,922	-	-	-	-	-	-	152,922
Capital outlay	599,982	27,014,004	-	32,162	-	3,041,458	-	30,687,606
Total expenditures	752,904	27,014,004	-	32,162	-	3,041,458	-	30,840,528
Excess (deficiency) of revenues over expenditures	(743,515)	(18,427,160)	3,932	165,355	3,364	(2,897,055)	-	(21,895,079)
Other Financing Sources								
Transfers in	-	390,000	-	-	-	1,080,477	-	1,470,477
Issuance of Bonds	33,795,000	-	-	-	-	-	-	33,795,000
Premium on bond issuance	4,206,613	-	-	-	-	-	-	4,206,613
Issuance of debt-refunding	8,945,000	-	-	-	-	-	-	8,945,000
Bond discount	(181,645)	-	-	-	-	-	-	(181,645)
Refunding payment to escrow	(9,994,532)	-	-	-	-	-	-	(9,994,532)
Total other financing sources (uses)	36,770,436	390,000	-	-	-	1,080,477	-	38,240,913
Net change in fund balances	36,026,921	(18,037,160)	3,932	165,355	3,364	(1,816,578)	-	16,345,834
Fund Balances, Beginning of Year	(1,870,108)	1,824,318	(25,515)	2,078,337	(114,957)	440,710	-	2,332,785
Fund Balances, End of Year	\$ 34,156,813	\$ (16,212,842)	\$ (21,583)	\$ 2,243,692	\$ (111,593)	\$ (1,375,868)	\$ -	\$ 18,678,619

Enterprise Funds

Enterprise Funds

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

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

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

Combining Statement of Net Position
Enterprise Funds
June 30, 2015

	Short Beach Golf Course	Emergency Medical Services	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ -	\$ 2,541,063	\$ 2,541,063
Receivables:			
Accounts and other	-	396,485	396,485
Total current assets	<u>-</u>	<u>2,937,548</u>	<u>2,937,548</u>
Capital Assets			
Assets being depreciated, net	178,023	2,482,754	2,660,777
Total capital assets	<u>178,023</u>	<u>2,482,754</u>	<u>2,660,777</u>
Total assets	<u>178,023</u>	<u>5,420,302</u>	<u>5,598,325</u>
Deferred inflows of resources			
Deferred amounts on refunding	-	32,887	32,887
Liabilities			
Current Liabilities			
Accounts payable	24,421	120,548	144,969
Unearned revenue	668	-	668
Bond Payable	-	104,000	104,000
Capital lease	-	5,243	5,243
Due to other funds	-	1,941,535	1,941,535
Compensated absences	7,000	78,000	85,000
Total current liabilities	<u>32,089</u>	<u>2,249,326</u>	<u>2,281,415</u>
Noncurrent Liabilities			
Advance from other funds	757,697	-	757,697
Bonds payable	-	1,384,155	1,384,155
Capital lease	-	6,523	6,523
Compensated absences	11,841	38,532	50,373
Total noncurrent liabilities	<u>769,538</u>	<u>1,429,210</u>	<u>2,198,748</u>
Total liabilities	<u>801,627</u>	<u>3,678,536</u>	<u>4,480,163</u>
Net Position			
Net Investment in Capital Assets	178,023	1,092,076	1,270,099
Unrestricted	(801,627)	682,577	(119,050)
Total net position	<u>\$ (623,604)</u>	<u>\$ 1,774,653</u>	<u>1,151,049</u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2015

	Short Beach Golf Course	Emergency Medical Services	Total
Operating Revenues			
Charges for services	\$ 261,533	\$ 1,798,395	\$ 2,059,928
Total operating revenues	261,533	1,798,395	2,059,928
Operating Expenses			
Operating and maintenance	414,107	1,727,716	2,141,823
Depreciation	14,974	237,183	252,157
Total operating expenses	429,081	1,964,899	2,393,980
Operating income (loss)	(167,548)	(166,504)	(334,052)
Nonoperating Revenues			
Interest expense	-	(56,839)	(56,839)
Total nonoperating revenues (expenses)	-	(56,839)	(56,839)
Net loss before transfers	(167,548)	(223,343)	(390,891)
Transfers out	-	(400,000)	(400,000)
Net transfers	-	(400,000)	(400,000)
Change in net position	(167,548)	(623,343)	(790,891)
Fund Net Position (Deficit), Beginning	(456,056)	2,397,996	1,941,940
Fund Net Position (Deficit), Ending	\$ (623,604)	\$ 1,774,653	1,151,049

**Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2015**

	Short Beach Golf Course	Emergency Medical Services	Total
Cash Flows From Operating Activities			
Cash received from customers and users	\$ 259,891	\$ 1,815,595	\$ 2,075,486
Cash payments to suppliers	(253,659)	(613,268)	(866,927)
Cash payments to employees	(181,417)	(1,081,369)	(1,262,786)
Payments for interfund services used	175,185	(2,682,259)	(2,507,074)
Net cash used in operating activities	-	(2,561,301)	(2,561,301)
Cash Flows From Noncapital Financing Activities			
Transfers to/from other funds	-	(400,000)	(400,000)
Net cash used in noncapital financing activities	-	(400,000)	(400,000)
Cash Flows From Capital and Related Financing Activities			
Principal payments on debt	-	(105,133)	(105,133)
Principal payments on capital lease	-	(4,941)	(4,941)
Interest paid on debt	-	(56,839)	(56,839)
Purchase of capital assets	-	(48,773)	(48,773)
Net cash used in capital and related financing activities	-	(215,686)	(215,686)
Cash Flows From Investing Activities:			
Interest revenues	-	-	-
Net cash provided by investing activities	-	-	-
Net decrease in cash and cash equivalents	-	(3,176,987)	(3,176,987)
Cash and Cash Equivalents, Beginning	-	5,718,050	5,718,050
Cash and Cash Equivalents, Ending	\$ -	\$ 2,541,063	\$ 2,541,063
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (167,548)	\$ (166,504)	\$ (334,052)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	14,974	237,183	252,157
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable and deferred charges	-	17,200	17,200
(Increase) decrease in due from other funds	-	32,644	32,644
Increase (decrease) in accounts payable and accrued expenses	(20,969)	33,079	12,110
Increase in unearned revenues	(1,642)	-	(1,642)
Increase (decrease) in due to other funds	175,185	(2,714,903)	(2,539,718)
Net cash used in operating activities	\$ -	\$ (2,561,301)	\$ (2,561,301)
Supplemental Schedule of Noncash Financing Activities			
Amortization of gain on refunded debt	\$ -	\$ 3,462	\$ 3,462
Amortization of premium on refunded debt	\$ -	\$ (3,595)	\$ (3,595)

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Internal Service Funds

Internal Service Funds

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

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

Statement of Net Position (Deficit)
Internal Service Funds
June 30, 2015

	2015
Assets	
Cash	\$ 80,000
Due from Other Funds	10,331,229
Total assets	<u>10,411,229</u>
Liabilities and Fund Equity	
Current Liabilities	
Accounts payable	151,422
Risk management claims	3,076,000
Total current liabilities	<u>3,227,422</u>
Noncurrent Liabilities	
Risk management claims	<u>7,815,000</u>
Fund Equity	
Net Position:	
Unrestricted (deficit)	<u>(631,193)</u>
Total net position (deficit)	<u><u>\$ (631,193)</u></u>

**Statement of Revenues, Expenses and Changes in Net Position (Deficit)
Internal Service Funds
For the Year Ended June 30, 2015**

	<u>2015</u>
Operating Revenues	
Charges for services	<u>\$ 9,992,994</u>
Operating Expenses	
Operating and maintenance	<u>8,373,127</u>
Change in net position (deficit)	1,619,867
Fund Net Position (Deficit), Beginning	<u>(2,251,060)</u>
Fund Net Position (Deficit), Ending	<u><u>\$ (631,193)</u></u>

Statement of Cash Flows
Internal Service Funds
For the Years Ended June 30, 2015

	2015
Cash Flows From Operating Activities	
Cash received from customer and users	\$ 10,075,335
Cash payments to suppliers	(8,342,650)
Payments for interfund services used	(1,652,685)
Net cash provided by operating activities	<u>80,000</u>
Net increase in cash and cash equivalents	80,000
Cash and Cash Equivalents, Beginning	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 80,000</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating income	\$ 1,619,867
Adjustments to reconcile operating income to	
net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in due from other funds	362,130
Decrease in receivables	82,341
Increase in accounts payable	150,477
Decrease in due to other funds	(2,014,815)
Decrease in risk management claim liability	(120,000)
Net cash provided by operating activities	<u>\$ 80,000</u>

Combining Statement of Net Position (Deficit)
Internal Service Funds
June 30, 2015

	Health Benefit	Workers' Compensation	Total
Assets			
Cash and Cash Equivalents	\$ -	\$ 80,000	\$ 80,000
Due from Other Funds	4,233,914	6,097,315	10,331,229
Total Assets	4,233,914	6,177,315	10,411,229
Liabilities and Net Position (Deficit)			
Current Liabilities			
Accounts payable	137,521	13,901	151,422
Risk management claims	826,000	2,250,000	3,076,000
Total liabilities	963,521	2,263,901	3,227,422
Noncurrent Liabilities			
Risk management claims	-	7,815,000	7,815,000
Net Position			
Unrestricted (deficit)	3,270,393	(3,901,586)	(631,193)
Total net position (deficit)	\$ 3,270,393	\$ (3,901,586)	\$ (631,193)

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)
Internal Service Funds
For the Year Ended June 30, 2015

	Health Benefit	Workers' Compensation	Total
Operating Revenues			
Charges for services	\$ 6,864,951	\$ 3,128,043	\$ 9,992,994
Operating Expenses			
Operating and maintenance	5,431,440	2,941,687	8,373,127
Operating income	1,433,511	186,356	1,619,867
Other Financing Sources			
Transfers in	-	7,000,000	7,000,000
Transfers out	7,000,000	-	7,000,000
Change in net position (deficit)	(5,566,489)	7,186,356	1,619,867
Fund Net Position (Deficit), Beginning	8,836,882	(11,087,942)	(2,251,060)
Fund Net Position (Deficit), Ending	<u>\$ 3,270,393</u>	<u>\$ (3,901,586)</u>	<u>\$ (631,193)</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Years Ended June 30, 2015

	Health Benefit	Workers' Compensation	Total
Cash Flows From Operating Activities			
Cash received from customer san and users	\$ 6,947,292	\$ 3,128,043	\$ 10,075,335
Cash payments to suppliers	(5,232,864)	(3,109,786)	(8,342,650)
Payments for interfund services used	5,285,572	(6,938,257)	(1,652,685)
Net cash provided by (used in) operating activities	7,000,000	(6,920,000)	80,000
Cash Flows From Noncapital Financing Activities			
Transfers to/from other funds	(7,000,000)	7,000,000	-
Net cash (used in) provided by noncapital financing activities	(7,000,000)	7,000,000	-
Net increase in cash and cash equivalents	-	80,000	80,000
Cash and Cash Equivalents, Beginning	-	-	-
Cash and Cash Equivalents, Ending	\$ -	\$ 80,000	80,000
Reconciliation of Operating Income to Net Cash			
Provided by (Used In) Operating Activities			
Operating income	\$ 1,433,511	\$ 186,356	\$ 1,619,867
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in due from other funds	5,285,572	(4,923,442)	362,130
Decrease (increase) in receivables	82,341	-	82,341
Increase (decrease) in accounts payable	136,576	13,901	150,477
Increase (decrease) in due to other funds	-	(2,014,815)	(2,014,815)
Increase in risk management claim liability	62,000	(182,000)	(120,000)
Net cash provided by (used in) operating activities	\$ 7,000,000	\$ (6,920,000)	\$ 80,000

Fiduciary Funds

Fiduciary Funds

Agency Funds

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

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

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

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

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 387,697	\$ 1,488,767	\$ 1,498,993	\$ 377,471
Liabilities				
Due to student groups	\$ 387,697	\$ 1,488,767	\$ 1,498,993	\$ 377,471
Senior Taxpayer Escrow				
Assets				
Cash and cash equivalents	\$ 10,545	\$ 23,178	\$ 21,497	\$ 12,227
Liabilities				
Payable to others	\$ 10,545	\$ 23,178	\$ 21,497	\$ 12,227
Planning & Zoning Performance Bonds				
Assets				
Cash and cash equivalents	\$ 234,353	\$ 124,909	\$ 60,779	\$ 298,483
Liabilities				
Payable to others	\$ 234,353	\$ 124,909	\$ 60,779	\$ 298,483
Inland/Wetland Performance Bonds				
Assets				
Cash and cash equivalents	\$ 413,882	\$ 174	\$ 110,250	\$ 303,806
Liabilities				
Payable to others	\$ 413,882	\$ 174	\$ 110,250	\$ 303,806
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,046,477	\$ 1,637,029	\$ 1,691,519	\$ 991,987
Liabilities				
Due to student groups	\$ 387,697	\$ 1,488,767	\$ 1,498,993	\$ 377,471
Payable to others	658,780	148,262	192,526	614,516
	\$ 1,046,477	\$ 1,637,029	\$ 1,691,519	\$ 991,987

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Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

Town of Stratford, Connecticut

TABLE 1

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

	Fiscal Year (\$ in 000's)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 78,329	\$ 82,429	\$ 58,172	\$ 57,747	\$ 49,667	\$ 46,587	\$ 45,101	\$ 51,011	\$ 51,351	\$ 43,229
Restricted	2,709	2,793	2,527	2,407	2,543	2,279	2,187	2,611	3,018	2,771
Unrestricted	(271,442)	(69,279)	(37,138)	(47,371)	(46,500)	(36,777)	(20,284)	(35,633)	(42,043)	(34,058)
Total governmental activities net position (deficit)	\$ (190,403)	\$ 15,943	\$ 23,561	\$ 12,783	\$ 5,710	\$ 12,089	\$ 27,004	\$ 17,989	\$ 12,326	\$ 11,942
Business-Type Activities										
Net investment in capital assets	\$ 14,577	\$ 18,134	\$ 19,149	\$ 19,806	\$ 20,691	\$ 21,674	\$ 26,998	\$ 29,187	\$ 37,156	\$ 16,638
Unrestricted	7,676	6,094	6,710	6,615	8,475	12,145	9,200	6,419	(9,414)	6,936
Total business-type activities net position	\$ 22,253	\$ 24,228	\$ 25,859	\$ 26,421	\$ 29,166	\$ 33,819	\$ 36,198	\$ 35,606	\$ 27,742	\$ 23,574
Total Primary Government										
Net investment in capital assets	\$ 92,906	\$ 100,563	\$ 77,321	\$ 77,553	\$ 70,358	\$ 68,261	\$ 72,099	\$ 80,198	\$ 88,507	\$ 59,867
Restricted	2,709	2,793	2,527	2,407	2,543	2,279	2,187	2,611	3,018	2,771
Unrestricted	(263,765)	(63,185)	(30,428)	(40,756)	(38,025)	(24,632)	(11,084)	(29,214)	(51,457)	(27,122)
Total net position (deficit)	\$ (168,150)	\$ 40,171	\$ 49,420	\$ 39,204	\$ 34,876	\$ 45,908	\$ 63,202	\$ 53,595	\$ 40,068	\$ 35,516

Town of Stratford, Connecticut

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
General government	\$ (33,728)	\$ (30,840)	\$ (38,354)	\$ (38,445)	\$ (38,499)
Human development	(8,277)	(8,518)	(8,852)	(9,029)	(8,033)
Physical development	(20,537)	(15,320)	(18,900)	(15,466)	(15,099)
Public safety	(28,289)	(35,654)	(24,111)	(23,712)	(29,459)
Education	(129,334)	(127,895)	(115,002)	(114,759)	(115,686)
Debt service	(12,530)	(9,636)	(4,548)	(3,484)	(6,033)
Total governmental activities expenses	(232,695)	(227,863)	(209,767)	(204,895)	(212,809)
Business-type activities:					
Waste operating	(11,768)	(10,560)	(10,106)	(9,654)	(11,685)
Other	(2,451)	(2,324)	(2,225)	(1,745)	(1,739)
Total business-type activities expenses	(14,219)	(12,884)	(12,331)	(11,399)	(13,424)
Total primary government expenses	(246,914)	(240,747)	(222,098)	(216,294)	(226,233)
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	2,264	2,238	1,997	2,201	1,652
Human development	3,709	3,907	3,811	3,844	4,132
Physical development	1,940	1,810	749	619	876
Public safety	1,468	1,412	1,512	1,462	1,422
Education	1,932	2,668	2,232	2,294	2,135
Operating grants and contributions:	43,875	42,140	41,710	43,581	40,374
Capital grants and contributions:	12,886	4,813	3,206	-	146
Total governmental activities program revenue	68,074	58,988	55,217	54,001	50,737
Business-type activities:					
Charges for services:	12,944	11,932	11,998	9,215	8,890
Capital grants and contributions		-	348	13	518
Total business-type activities program revenues	12,944	11,932	12,346	9,228	9,408
Total primary government program revenues	81,018	70,920	67,563	63,229	60,145

	Fiscal Year				
	2015	2014	2013	2012	2011
Net (Expense) Revenue					
Governmental activities	\$ (164,621)	\$ (168,875)	\$ (154,550)	\$ (150,894)	\$ (162,072)
Business-type activities	(1,275)	(951)	15	(2,171)	(4,016)
Total primary government net expense	(165,896)	(169,826)	(154,535)	(153,065)	(166,088)
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Property taxes	163,847	158,477	156,673	152,523	150,503
Grants and contributions not restricted to specific programs	1,550	1,750	6,152	3,948	3,986
Unrestricted investment earnings	159	349	209	1	453
Miscellaneous	-	-	1,695	894	72
Transfers	700	681	600	600	680
Total governmental activities	166,256	161,257	165,329	157,966	155,694
Business-type activities:					
Property transfer	-	-	-	-	-
Unrestricted investment earnings	-	-	23	27	42
Grants and contributions not restricted	-	-	-	-	-
Transfers	(700)	(681)	(600)	(600)	(680)
Total business-type activities	(700)	(681)	(577)	(573)	(638)
Total primary government	165,556	160,576	164,752	157,393	155,056
Changes in Net Position					
Governmental activities	1,634	(7,618)	10,779	7,072	(6,378)
Business-type activities	(1,975)	(1,632)	(562)	(2,744)	(4,654)
Total primary government	\$ (340)	\$ (9,250)	\$ 10,217	\$ 4,328	\$ (11,032)

(Continued)

Town of Stratford, Connecticut

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Expenses					
Governmental activities:					
General government	\$ (35,722)	\$ (27,808)	\$ (32,424)	\$ (33,510)	\$ (33,698)
Human development	(7,227)	(7,347)	(6,426)	(6,628)	(7,671)
Physical development	(15,466)	(16,734)	(15,742)	(15,483)	(17,331)
Public safety	(23,314)	(23,053)	(22,943)	(21,777)	(20,302)
Education	(113,161)	(111,307)	(123,854)	(91,018)	(89,072)
Debt service	(7,470)	(7,242)	(7,588)	(7,605)	(7,049)
Total governmental activities expenses	(202,360)	(193,491)	(208,977)	(176,021)	(175,123)
Business-type activities:					
Waste operating	(9,864)	(8,490)	(5,624)	(3,842)	(4,473)
Other	(1,559)	(1,590)	(1,449)	(2,755)	(1,504)
Total business-type activities expenses	(11,423)	(10,080)	(7,073)	(6,597)	(5,977)
Total primary government expenses	(213,783)	(203,571)	(216,050)	(182,618)	(181,100)
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	1,239	1,010	1,646	8,994	7,329
Human development	4,087	2,783	4,376	-	-
Physical development	936	1,148	448	-	-
Public safety	1,262	1,117	2,072	-	-
Education	2,251	1,929	2,208	-	-
Operating grants and contributions:	38,694	39,737	61,968	28,496	30,325
Capital grants and contributions:	226	100	109	1,027	966
Total governmental activities program revenue	48,695	47,824	72,827	38,517	38,620
Business-type activities:					
Charges for services:					
	8,277	8,268	8,182	7,836	6,850
Capital grants and contributions	1,285	2,741	7,031	2,755	1,365
Total business-type activities program revenues	9,562	11,009	15,213	10,591	8,215
Total primary government program revenues	58,257	58,833	88,040	49,108	46,835

TABLE 2

	Fiscal Year				
	2010	2009	2008	2007	2006
Net (Expense) Revenue					
Governmental activities	\$ (153,665)	\$ (145,667)	\$ (136,150)	\$ (137,504)	\$ (136,503)
Business-type activities	(1,861)	929	8,140	3,994	2,238
Total primary government net expense	(155,526)	(144,738)	(128,010)	(133,510)	(134,265)
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Property taxes	143,292	139,086	135,680	128,772	120,955
Grants and contributions not restricted to specific programs	4,209	4,203	4,269	6,170	3,099
Unrestricted investment earnings	619	830	1,311	2,719	5,939
Miscellaneous	29	-	-	-	-
Transfers	602	562	553	229	223
Total governmental activities	148,751	144,681	141,813	137,890	130,216
Business-type activities:					
Property transfer	-	-	-	-	281
Unrestricted investment earnings	85	225	277	402	-
Grants and contributions not restricted	-	-	-	-	(1,066)
Transfers	(602)	(562)	(553)	(229)	(223)
Total business-type activities	(517)	(337)	(276)	173	(1,008)
Total primary government	148,234	144,344	141,537	138,063	129,208
Changes in Net Position					
Governmental activities	(4,914)	(986)	5,663	386	(6,287)
Business-type activities	(2,378)	592	7,864	4,167	1,230
Total primary government	\$ (7,292)	\$ (394)	\$ 13,527	\$ 4,553	\$ (5,057)

Town of Stratford, Connecticut

TABLE 3

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,894	\$ 2,363	\$ 3,469	\$ 1,696	\$ 1,017
Unreserved	-	-	-	-	-	6,604	8,438	8,220	8,148	7,232
Nonspendable	770	670	-	-	-	-	-	-	-	-
Restricted	116	116	-	-	-	-	-	-	-	-
Assigned	127	612	1,666	2,284	2,322	-	-	-	-	-
Unassigned	7,985	9,006	9,497	8,790	6,261	-	-	-	-	-
Total general fund	\$ 8,998	\$ 10,404	\$ 11,163	\$ 11,074	\$ 8,583	\$ 8,498	\$ 10,801	\$ 11,689	\$ 9,844	\$ 8,249
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24	\$ 24	\$ 24	\$ 106,715
Unreserved	-	-	-	-	-	23,026	19,292	17,650	11,563	14,551
Nonspendable	34	29	28	32	33	-	-	-	-	-
Restricted	3,356	3,344	3,011	2,784	2,777	-	-	-	-	-
Committed	23,275	8,953	20,612	18,045	24,116	-	-	-	-	-
Unassigned	(1,009)	(569)	(595)	(338)	(419)	-	-	-	-	-
Total all other governmental funds	\$ 25,656	\$ 11,757	\$ 23,056	\$ 20,523	\$ 26,507	\$ 23,050	\$ 19,316	\$ 17,674	\$ 11,587	\$ 121,266

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

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Property taxes and assessments	\$ 163,967	\$ 158,063	\$ 154,248	\$ 153,069	\$ 150,408	\$ 140,553	\$ 139,446	\$ 135,778	\$ 131,776	\$ 121,853
Intergovernmental	57,375	49,273	50,978	47,876	45,050	43,636	42,929	69,422	36,908	36,955
Department revenue	5,320	5,445	4,935	5,028	4,949	5,154	4,564	5,445	5,452	5,362
Licenses and permits	1,215	1,076	961	760	831	653	685	755	895	794
Investment income	159	349	209	1	454	351	830	1,310	2,838	5,939
Other	5,443	5,513	5,842	5,661	4,543	4,265	4,694	4,452	3,990	3,125
Total revenues	233,479	219,719	217,173	212,395	206,235	194,612	193,148	217,162	181,859	174,028
Expenditures										
Administration	4,821	4,247	4,115	4,421	4,354	4,534	4,369	4,207	3,566	3,403
Contingency	4,013	4,203	2,853	3,031	2,087	2,256	2,137	2,545	3,212	3,499
Employee benefits	21,433	181,535	27,030	26,010	25,324	21,169	19,096	18,522	122,928	17,109
Finance	2,075	2,219	1,956	2,115	2,015	1,890	1,969	1,825	1,729	1,731
Human development	7,427	7,375	8,087	8,554	7,762	7,032	7,082	6,184	6,310	7,008
Physical development	13,891	14,228	16,260	13,222	13,422	13,644	15,337	14,557	13,361	11,417
Public safety	23,936	23,789	23,630	22,487	22,389	21,673	22,025	22,001	21,148	19,668
Education	118,380	115,647	112,560	110,889	107,915	104,512	102,140	122,241	90,911	86,860
Capital outlay	32,595	20,305	23,392	19,134	11,143	8,056	8,800	6,421	5,825	10,953
Debt service:										
Principal retirement	13,004	16,672	14,275	13,683	12,336	12,131	11,276	14,506	12,536	12,190
Interest and other charges	18,327	5,812	4,828	3,614	7,013	7,452	7,455	7,569	8,646	7,563
Total expenditures	259,902	396,032	238,986	227,160	215,760	204,349	201,686	220,578	290,172	181,401
Excess of revenue over (under) expenditures	(26,423)	(176,313)	(21,813)	(14,765)	(9,525)	(9,737)	(8,538)	(3,416)	(108,313)	(7,373)
Other Financing Sources (Uses)										
Transfers in	4,982	6,482	2,580	2,091	2,402	2,587	2,790	1,958	1,747	902
Transfers out	(4,282)	(5,801)	(1,980)	(1,491)	(1,722)	(1,985)	(2,229)	(1,405)	(1,518)	(678)
Proceeds from capital leases	1,263	253	2,097	2,300	-	-	-	-	-	42
Payments to escrow agents	(9,995)	(18,139)	-	(19,325)	(66,088)	(22,906)	-	-	-	-
Proceeds from refunding bonds	8,945	16,418	-	18,062	65,572	21,825	-	-	-	-
Premiums on refunding	4,207	-	-	1,424	935	1,262	-	-	-	-
Bonds issued	33,795	163,137	21,475	8,212	11,700	10,385	8,730	10,795	-	7,365
Premiums on bonds	-	1,905	263	-	267	-	-	-	-	-
Total other financing sources (uses)	38,915	164,255	24,435	11,273	13,066	11,168	9,291	11,348	229	7,631
Net changes in fund balances	\$ 12,492	\$ (12,058)	\$ 2,622	\$ (3,492)	\$ 3,541	\$ 1,431	\$ 753	\$ 7,932	\$ (108,084)	\$ 258
Debt service as a percentage of noncapital expenditures	13.6%	6.0%	8.7%	9.0%	10.5%	11.1%	10.8%	11.5%	8.0%	13.1%

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

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Grand List Year	Real Property					FYI [Exemptions*]	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Assessed Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial	Personal Property	Motor Vehicle	Vacant Land					
2015	2013	\$ 3,166,610,661	\$ 770,298,898	\$ 470,025,485	\$ 322,740,590	\$ 69,325,260	\$ 240,770,110	\$ 4,558,230,784	35.63	\$ 4,799,000,894	95%
2014	2012	3,596,965,670	768,877,270	459,170,270	314,680,673	68,079,820	676,320,015	4,531,453,688	34.64	5,207,773,703	87%
2013	2011	3,581,639,410	777,220,780	453,255,181	320,711,877	65,140,265	672,951,970	4,525,015,543	34.48	5,197,967,513	87%
2012	2010	3,570,829,400	785,349,560	441,827,463	301,629,984	68,917,280	655,421,799	4,513,131,888	34.15	5,168,553,687	87%
2011	2009	3,556,241,420	823,073,260	437,012,137	291,330,813	71,772,455	617,750,252	4,561,679,833	33.32	5,179,430,085	88%
2010	2008	3,703,369,750	686,179,150	387,991,848	292,972,012	56,160,560	500,062,834	4,626,610,486	30.36	5,126,673,320	90%
2009	2007	3,677,306,412	677,498,179	324,965,038	301,530,992	58,273,060	463,854,444	4,575,719,237	30.51	5,039,573,681	91%
2008	2006	3,651,929,210	628,681,490	296,714,314	294,560,508	89,108,960	433,404,716	4,527,589,766	30.12	4,960,994,482	91%
2007	2005	3,631,734,170	632,049,890	304,253,994	293,947,103	85,046,980	394,716,674	4,552,315,463	28.86	4,947,032,137	92%
2006	2004	3,609,325,020	614,535,100	305,312,078	274,033,287	97,687,100	430,234,380	4,470,658,205	26.98	4,900,892,585	91%

Source: Town of Stratford, Office of Tax Assessor

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

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

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

Fiscal Year	Grand List Year (1)	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years(2)	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2013	\$ 162,727,443	\$ 158,559,699	97.44%	\$ -	\$ 158,559,699	97.44%
2014	2012	156,748,314	152,760,084	97.46%	1,672,183	154,432,267	98.52%
2013	2011	155,392,622	151,858,937	97.73%	2,609,183	154,468,120	99.41%
2012	2010	152,921,577	150,227,449	98.24%	2,410,911	152,638,360	99.81%
2011	2009	150,248,842	146,798,179	97.70%	3,263,591	150,061,770	99.88%
2010	2008	139,908,592	136,920,401	97.86%	2,904,995	139,825,396	99.94%
2009	2007	137,961,016	135,494,537	98.21%	2,438,499	137,933,036	99.98%
2008	2006	134,121,083	131,726,602	98.21%	2,325,737	134,052,339	99.95%
2007	2005	129,744,920	127,684,116	98.41%	2,052,095	129,736,211	99.99%
2006	2004	119,631,515	117,629,384	98.33%	1,981,442	119,610,826	99.98%

Source: Town of Stratford Tax Records

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

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

Town of Stratford, Connecticut

TABLE 7

Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	FY2015			<u>Taxpayer</u>	FY2006		
	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	\$ 95,049	1	2.09%	Sikorsky Aircraft	\$ 161,451	1	3.50%
United Illuminating	75,418	2	1.65%	Dock Incorporated	34,339	2	0.70%
Stonybrook Gardens Cooperative	24,547	3	0.54%	Exxon Mobil Oil Corp.	19,766	3	0.40%
Southern Connecticut Gas	21,490	4	0.47%	Stonybrook Gardens Inc.	19,110	4	0.40%
Second Avenue Development LLC	18,007	6	0.40%	Dresser Industries	18,095	5	0.40%
UB Dockside LLC (Urstadt Biddle Prop)	16,450	5	0.36%	Kramont Operating Partnership	16,520	6	0.40%
Kramont Operating Partnership	14,000	7	0.31%	Southern Connecticut Gas	15,734	7	0.30%
Home Depot	13,650	8	0.30%	Merritt 8 Acquisitions LLC	14,247	8	0.30%
Merritt 8 Acquisitions, LLC	13,157	9	0.29%	William B. Meyer, Inc.	13,879	9	0.30%
UB Railside LLC (Urstadt Biddle Prop)	12,661	10	0.28%	United Illuminating Co.	13,563	10	0.30%
TOTAL	\$ 304,429		6.68%	TOTAL	\$ 326,704		7.00%

Source: Town of Stratford, Office of Tax Assessor

* Net taxable assessed value

TABLE 8

Town of Stratford, Connecticut

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

Fiscal Year	Governmental		Business-Type			Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita	Total Debt Outstanding as a percentage of Personal Income
	General Obligation Bonds (1)	Leases	Operating	Notes	Leases				
2015	\$ 305,060	\$ 2,418	\$ 1,948	\$ 35,702	\$ 46	\$ 345,174	6.20 %	\$ 5	19.1%
2014	287,215	1,214	2,086	37,983	51	328,549	6.20	6	18.9%
2013	138,865	1,841	2,159	40,431	-	183,296	4.05	3	10.6%
2012	131,846	2,300	2,038	42,682	-	178,866	4.74	3	10.8%
2011	136,829	-	2,069	44,976	-	183,874	4.01	3	11.1%
2010	134,394	-	2,182	2,756	-	139,332	3.01	3	10.5%
2009	136,817	3	2,276	3,095	-	142,191	3.11	3	10.5%
2008	139,373	13	2,370	3,427	-	145,183	3.19	3	10.8%
2007	143,071	26	599	1,963	-	145,659	3.17	3	10.8%
2006	156,003	39	893	2,208	-	159,143	3.46	3	11.8%

(1) Presented net of related premiums

TABLE 9

Town of Stratford, Connecticut

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

Fiscal Year Ended June 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
2015	\$ 305,060	\$ 1,387	\$ 303,673	5.87 %	\$ 5
2014	287,215	3,887	283,328	6.22	5
2013	138,865	-	138,865	3.11	3
2012	131,846	-	131,846	2.92	3
2011	136,829	-	136,829	3.02	3
2010	134,394	-	134,394	2.95	3
2009	136,817	-	136,817	3.04	3
2008	139,373	-	139,373	3.13	3
2007	143,071	-	143,071	3.16	3
2006	156,003	-	156,003	3.50	3

(1) Presented net of related premiums

Computation of Legal Debt Limitation
June 30, 2015
(In Thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2015					\$ 163,463,919
Reimbursement for revenue loss on:					
Tax relief for elderly					6,000
BASE					<u>\$ 163,469,919</u>
	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt Limitation					
2-1/4 times base	\$ 367,807,318	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	735,614,636	-	-	-
3-3/4 times base	-	-	613,012,196	-	-
3-1/4 times base	-	-	-	531,277,237	-
3 times base	-	-	-	-	490,409,757
Total debt limitation	367,807,318	735,614,636	613,012,196	531,277,237	490,409,757
Indebtedness					
Bonds payable	75,191,054	44,976,335	459,365	-	179,045,000
Bonds authorized, unissued	3,116,610	67,167,423	1,327,141	-	-
Clean Water Fund notes	-	-	35,701,673	-	-
Grant commitments	-	(713,113)	-	-	-
Total indebtedness	78,307,664	111,430,645	37,488,179	-	179,045,000
Debt Limitation in Excess of Outstanding and Authorized Indebtedness	<u>\$ 289,499,654</u>	<u>\$ 624,183,991</u>	<u>\$ 575,524,017</u>	<u>\$ 531,277,237</u>	<u>\$ 311,364,757</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$1,144.3 million).

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

TABLE 11

Town of Stratford, Connecticut

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

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limitation	\$ 1,144,289	\$ 1,098,867	\$ 1,077,251	\$ 1,074,213	\$ 1,049,881	\$ 980,203	\$ 970,067	\$ 939,939	\$ 919,149	\$ 849,478
Total net debt applicable to limit	<u>407,698</u>	<u>430,861</u>	<u>257,927</u>	<u>253,557</u>	<u>260,439</u>	<u>203,804</u>	<u>189,096</u>	<u>142,126</u>	<u>189,828</u>	<u>200,093</u>
Legal Debt Margin	<u>\$ 736,591</u>	<u>\$ 668,006</u>	<u>\$ 819,324</u>	<u>\$ 820,656</u>	<u>\$ 789,442</u>	<u>\$ 776,399</u>	<u>\$ 780,971</u>	<u>\$ 797,813</u>	<u>\$ 729,321</u>	<u>\$ 649,385</u>
Total net debt applicable to the limit as a percentage of debt limit	35.63%	39.21%	23.94%	23.60%	24.81%	20.79%	19.49%	15.12%	20.65%	23.55%

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

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

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

Calendar Year	Population(1)	Per Capita Income(2)	Median Age(3)	School Enrollment(4)	Unemployment Rate(5)	Personal Income
2015	52,734	\$ 34,215	42.5	6,997	6.3%	\$ 1,804,293,810
2014	51,384	33,805	42.5	7,198	6.4%	1,737,036,120
2013	51,384	33,716	42.2	7,411	8.7%	1,732,462,944
2012	51,384	32,357	41.1	7,407	10.5%	1,662,632,088
2011	51,384	32,357	41.1	7,234	7.4%	1,662,632,088
2010	48,952	27,000	40.3	7,435	9.4%	1,321,704,000
2009	49,976	27,000	40.3	7,496	7.9%	1,349,352,000
2008	49,976	27,000	40.3	7,534	5.5%	1,349,352,000
2007	49,976	27,000	40.3	7,505	4.5%	1,349,352,000
2006	49,976	27,000	40.3	7,483	4.5%	1,349,352,000

(1) Source: U.S. Census Bureau

(2) Source: U.S. Census Bureau

(3) Source: U.S. Census Bureau

(4) Source: Town of Stratford, BOE

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

Town of Stratford, Connecticut

TABLE 13

Principal Employers
2015 and 2006
(Unaudited)

Business Name	Nature of Business	2015			2006		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sikorsky Aircraft	Manufacturer of Helicopters	6,500	1	25.23%	7,000	1	28.44%
Town of Stratford	Government/Education	1,396	2	5.42%	1,385	2	5.63%
United Parcel Service	Package Delivery	590	3	2.29%	415	5	1.69%
Lord Chamberlain	Skilled Nursing Facility	458	4	1.78%	360	7	1.46%
Ashcroft Holdings	Manufacturer of Gauges, Valves	418	5	1.62%	450	4	1.83%
Cablevision	Cable Television, Internet, Telecom.	400	6	1.55%	NA	-	NA
Aptar	Manufacturer Pump Atomizers	287	7	1.11%	NA	-	NA
Connecticut Distributor	Liquor Distributor	260	8	1.01%	221	-	NA
AT&T	Telecommunications	250	9	0.97%	249	8	1.01%
Bridgeport Fittings	Manufacture Electrical Fittings	200	10	0.78%	240	10	0.98%
Stratford Retailers Condo Assoc. LLC Retailers	Retail Chains	NA	-	NA	623	3	2.53%
Dianon systems Inc.	Laboratory Testing	NA	-	NA	400	6	1.63%
EMSAR	Manufacturer Pump Atomizers	NA	-	NA	245	9	1.00%
Total		<u>10,759</u>		<u>41.77%</u>	<u>11,588</u>		<u>46.19%</u>
Total Employment		<u>25,760</u>			<u>24,609</u>		

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

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

Function/Program	Full-Time-Equivalent Employees as of June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	79	78	83	64	89	90	86	75	71	96
Police	113	111	106	117	116	116	108	111	112	119
Fire	111	109	117	111	100	100	104	111	117	96
Refuse collection	31	29	28	29	32	32	31	33	33	30
Other public works	76	74	67	76	64	64	65	76	77	64
Parks	22	23	16	21	24	26	23	25	27	19
Recreation	4	5	3	6	7	7	7	7	7	7
Total Non-Education	<u>436</u>	<u>429</u>	<u>420</u>	<u>424</u>	<u>432</u>	<u>462</u>	<u>424</u>	<u>438</u>	<u>444</u>	<u>431</u>
Education	<u>891</u>	<u>891</u>	<u>890</u>	<u>864</u>	<u>847</u>	<u>844</u>	<u>843</u>	<u>864</u>	<u>838</u>	<u>832</u>
Total Including Education	<u>1,327</u>	<u>1,320</u>	<u>1,310</u>	<u>1,288</u>	<u>1,279</u>	<u>1,306</u>	<u>1,267</u>	<u>1,302</u>	<u>1,282</u>	<u>1,263</u>

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

Town of Stratford, Connecticut

TABLE 15

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

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Building permits issued	739	736	749	709	669	649	634	690	760	898
Building inspections conducted	3,889	3,426	3,151	3,090	3,188	3,136	3,186	3,475	2,947	2,964
Police:										
Physical arrests	1,566	1,144	1,403	1,520	1,419	1,597	1,233	1,363	1,483	1,142
Parking violations	397	468	464	631	431	369	519	994	665	n/a
Traffic violations	1,386	1,767	2,158	2,595	2,969	4,009	4,259	3,611	3,033	2,891
Fire										
Emergency responses	5,749	5,749	6,772	5,556	5,707	4,577	5,307	5,196	5,146	5,098
Fires extinguished	208	208	318	304	311	435	530	367	325	148
Inspections	1,941	1,941	1,992	1,747	1,216	665	1,200	1,111	1,112	595
Refuse Collection										
Refuse collected (tons per year)	21,571	21,961	23,100	24,035	24,636	26,747	25,657	27,073	27,615	27,054
Recyclables collected (tons per year)	3,232	3,196	3,126	3,173	3,365	3,487	3,718	4,047	4,079	4,192
Parks and Recreation										
Athletic field permits issued	8,801	9,304	9,570	9,379	10,192	8,851	8,781	9,437	8,939	10,003
Community center admissions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wastewater										
Average daily sewage treatment (thousands of gallons)	7,669	7,669	7,896	6,700	8,826	8,413	8,182	9,290	7,690	8,250

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

Town of Stratford, Connecticut

TABLE 16

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

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Patrol units (Number of Vehicles)	33	33	32	32	30	30	29	28	25	19
Fire Stations	4	4	4	4	4	4	4	4	4	4
Refuse Collection										
Refuse collection trucks	4	4	4	4	4	4	4	4	4	4
Recycling collection trucks	3	3	3	3	3	3	3	3	3	3
Yard Waste Trucks	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Acreage	795	795	795	795	795	795	795	774	774	774
Playgrounds	30	27	27	27	27	27	27	23	23	28
Baseball/softball diamonds	38	42	45	45	45	45	45	45	45	48
Soccer/football fields	14	13	13	13	13	13	13	13	13	9
Community centers	2	2	2	2	2	2	2	2	2	2
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)	14,500	14,500	14,500	14,500	14,500	14,500	14,500	11,500	11,500	11,500

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