

Official Statement Dated December 8, 2016

NEW ISSUE –Book-Entry-Only

RATINGS: (See "Ratings" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds and the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds and the Notes. See "Tax Exemption" herein.

TOWN OF STRATFORD, CONNECTICUT

\$25,260,000

GENERAL OBLIGATION BONDS, ISSUE OF 2017

Dated: Date of Delivery

Due: July 1, as shown on inside cover page

The Bonds will be general obligations of the Town of Stratford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein).

Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year until maturity, commencing July 1, 2017.

The Bonds ARE subject to redemption prior to maturity. (See "Optional Redemption" herein).

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** (See "Bond Insurance" and "Appendix F - Specimen Municipal Bond Insurance Policy", herein).



\$25,000,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

Dated: January 4, 2017

Due: January 3, 2018

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. (See "Security and Remedies" herein).

Interest on the Notes will be payable at maturity.

The Bonds and the Notes will be issued by means of a book-entry-only system and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds and the Notes will not receive certificates representing their ownership interest in the Bonds and the Notes. Principal of, redemption premium, if any, and interest on the Bonds and the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds and the Notes. Ownership of the Bonds and the Notes will be in principal amounts of \$5,000 or integral multiples thereof. DTC will act as security depository for the Bonds and the Notes. So long as Cede & Co. is the Bondowner or Noteowner, respectively, as nominee of DTC, reference herein to the Bondowner, Noteowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds or the Notes. (See "Book-Entry Transfer System" herein).

U.S. Bank, National Association of Hartford, Connecticut will be the Certifying Bank, Registrar, Transfer and Paying Agent for the Bonds and the Notes.

RAYMOND JAMES®

William Blair

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. Certain matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Underwriters' Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made through the facilities of DTC on or about January 4, 2017.

TOWN OF STRATFORD, CONNECTICUT

\$25,260,000

GENERAL OBLIGATION BONDS, ISSUE OF 2017

Dated: Date of Delivery

Due: July 1, as shown herein

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount*</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2018	\$1,330,000	3.000 %	1.380 %	8628114Y9	2028	\$1,330,000	5.000 %	3.110 % *	8628115J1
2019	1,330,000	4.000	1.740	8628114Z6	2029	1,330,000	5.000	3.230 *	8628115K8
2020	1,330,000	5.000	2.050	8628115A0	2030	1,330,000	5.000	3.310 *	8628115L6
2021	1,330,000	5.000	2.290	8628115B8	2031	1,330,000	5.000	3.360 *	8628115M4
2022	1,330,000	5.000	2.440	8628115C6	2032	1,330,000	5.000	3.410 *	8628115N2
2023	1,330,000	5.000	2.550	8628115D4	2033	1,330,000	5.000	3.480 *	8628115P7
2024	1,330,000	5.000	2.680	8628115E2	2034	1,330,000	5.000	3.510 *	8628115Q5
2025	1,330,000	5.000	2.800	8628115F9	2035	1,330,000	5.000	3.560 *	8628115R3
2026	1,330,000	5.000	2.920 *	8628115G7	2036	1,320,000	5.000	3.600 *	8628115S1
2027	1,330,000	5.000	3.050 *	8628115H5					

* - Priced assuming redemption on July 1, 2025 however any such redemption is at the option of the Town (see "Optional Redemption" herein).

\$25,000,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

Dated: January 4, 2017

Due: January 3, 2018

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2.500 %	1.300 %	8628115T9

¹ Copyright, American Bankers Association CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Town or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds and the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of this information.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the financial information presented in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than as to matters expressly set forth in Appendix B - "Form of Legal Opinion of Bond Counsel – The Bonds" and Appendix C - "Form of Legal Opinion of Bond Counsel – The Notes" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Bonds and the Notes have not been registered under the Securities Act of 1933, as amended, nor have the Bonds or the Notes been registered under any state securities laws.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data with respect to the Bonds, (ii) a notice of the occurrence of certain events with respect to the Bonds and the Notes within 10 business days of such occurrence, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendices D and E to this Official Statement.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix F - Specimen Municipal Bond Insurance Policy".

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SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices has been prepared by the Town of Stratford, Connecticut (the "Town") with assistance from its financial advisor and is provided for the purpose of presenting certain information relating to the Town, in connection with the original issuance and sale of \$25,260,000 General Obligation Bonds, Issue of 2017 ("the Bonds") and \$25,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on July 1 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year until maturity, commencing on July 1, 2017. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the fifteenth day of June and December, or the preceding business day if the fifteenth is not a business day. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System" herein. The Registrar, Certifying Bank, Paying and Transfer Agent will be U.S. Bank National Association of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut. See Appendix B - "Form of Legal Opinion of Bond Counsel - The Bonds" herein. **The Bonds ARE subject to optional redemption prior to maturity.**

Optional Redemption

The Bonds maturing on or before July 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on or after July 1, 2026 are subject to redemption prior to maturity, at the option of the Town, on or after July 1, 2025, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the redemption prices (expressed as a percentage of principal amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 1, 2025 and thereafter	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Description of the Notes

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, on January 3, 2018. The Notes will bear interest calculated on the basis of a 30-day month and a 360-day year at the rate or rates per annum as set forth on the inside front cover page of this Official Statement. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof plus any odd amount, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Registrar, Certifying Bank, Paying and Transfer Agent for the Notes will be U.S. Bank National Association of Hartford, Connecticut. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut, in substantially the form set forth in Appendix C- "Form of Legal Opinion of Bond Counsel - The Notes" herein. **The Notes are NOT subject to redemption prior to maturity.**

Authorization and Purpose of the Bonds and the Notes

Authorization: The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town and certain ordinances adopted by the Town Council.

Purpose: Proceeds of the Bonds and the Notes are anticipated to be used to finance the various public improvements and school projects and equipment authorized by the Town as follows:

Capital Bond Ordinance	Amended Authorization	Prior Debt Issued	The Bonds (This Issue)	The Notes (This Issue)
FY 2010-11	\$ 135,918,746	\$ 9,750,000	\$ -	\$ 25,000,000
FY 2012-13	16,711,933	10,994,724	791,971	-
FY 2013-14	13,101,324	12,349,379	686,379	-
FY 2014-15	12,407,000	11,901,397	390,000	-
FY 2015-16	12,039,150	-	11,064,150	-
FY 2016-17	12,427,500	-	12,327,500	-
Total	\$ 202,605,653	\$ 44,995,500	\$ 25,260,000	\$ 25,000,000

Sources and Uses of Bond and Note Proceeds

Sources:	The Bonds	The Notes
Par Amount	\$ 25,260,000.00	\$ 25,000,000.00
Net Original Issue Premium	2,989,661.50	295,250.00
Total Sources	\$ 28,249,661.50	\$ 25,295,250.00
Uses:		
Deposit to Capital Project Fund	\$ 25,260,000.00	\$ 25,000,000.00
Deposit to Debt Service Fund	2,766,805.37	211,536.97
Underwriter's Discount	79,258.97	42,591.03
Costs of Issuance	85,178.00	41,122.00
Bond Insurance	58,419.16	-
Total Uses	\$ 28,249,661.50	\$ 25,295,250.00

Ratings

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), are expected to assign insured ratings of "A2" with a stable outlook and "AA" with a stable outlook, respectively, to the Bonds, with the understanding that a municipal bond insurance policy will be issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds. The Town received underlying credit ratings of "A1" with a negative outlook from Moody's and "AA" with a negative outlook from S&P. The Notes have been rated "MIG 1" by Moody's and "SP-1+" by S&P. Such ratings reflect only the views of such organizations and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Town's obligations, including the Bonds and the Notes.

Bond Insurance

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P, "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At September 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,891 million and its net unearned premium reserve was approximately \$1,378 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "SECTION I – SECURITIES OFFERD - BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "SECTION I – SECURITIES OFFERD - BOND INSURANCE".

Tax Exemption

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds and the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds and the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and the Notes irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds and the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond and Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds and the Notes.

Original Issue Discount. The initial public offering prices of the Bonds and the Notes of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds and Notes is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds and the Notes are sold. Under existing law, original issue discount on the Bonds and the Notes accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners and Noteowners purchasing such Bonds or Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds or Notes.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds and the Notes may be more than their stated principal amounts. An owner who purchases a Bond or Note at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond or Note for federal income tax purposes. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds and the Notes should be aware that ownership of the Bonds and the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds and the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds and the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds and Notes.

Owners of the Bonds and the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the Notes and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should consult their own tax advisers regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds and the Notes. Prospective owners of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds and the Notes.

Security and Remedies

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property subject to taxation by the Town without limitation as to rate or amount, except as to certain classified property, such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of principal and interest on the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title

11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

**THE TOWN OF STRATFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

Qualification for Financial Institutions

The Bonds and the Notes shall **NOT** be designated as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and the Notes.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one fully-registered Note certificate will be issued for each interest rate of the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC's has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

Replacement Bonds and Notes

The Town will provide for the issuance of fully registered bond certificates directly to the Beneficial Owners of the Bonds and the Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds and the Notes, and the Town fails to identify another qualified securities depository for the Bonds and the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds and the Notes. A Beneficial Owner of the Bonds and the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds and the Notes.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds and the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Neither the Town, the Paying Agent nor the Underwriters will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the Bonds and the Notes or (iv) any other actions taken by DTC or its partnership nominees as owner of the Bonds and the Notes.

Underwriting

The Bonds are being purchased by Raymond James and Associates Inc., as representative of the underwriters (the "Underwriters"), pursuant to the terms of a contract of purchase for the Bonds with the Town (the "Purchase Agreement"). Pursuant to the Purchase Agreement, the Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$28,170,402.53 (consisting of the par amount of \$25,260,000.00, plus original issue premium of \$2,989,661.50, less underwriter's discount of \$79,258.97). The Notes are being purchased by the Underwriters, pursuant to the terms of a contract of purchase for the Notes with the Town. Pursuant to the Purchase Agreement, the Underwriters have agreed, subject to certain conditions, to purchase the Notes from the Town at the net aggregate purchase price of \$25,252,658.97 (consisting of the par amount of \$25,000,000.00, plus original issue premium of \$295,250.00, less underwriter's discount of \$42,591.03). The Underwriters will be obligated to purchase all such Bonds and Notes, if any such Bonds and Notes are purchased. The Bonds and the Notes may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds and the Notes into investment trusts) at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed, from time to time, by the Underwriters.

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SECTION II -THE ISSUER

The following is a brief description of the Town together with certain information concerning its economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

Description of the Town

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

The Town is traversed by two major highways, the Merritt Parkway (Route 15) and the Connecticut Turnpike (Interstate 95). Metro-North and Amtrak provide rail service to Boston or New York. Sikorsky Memorial Airport is located within the Town and 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 along sixteen routes within the Town, the Towns of Fairfield and Trumbull and the City of Bridgeport.

The Town 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 are located in the Town.

The Town has more land zoned for industry percentage-wise 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 6,987 students. There are several vocational training facilities, colleges and universities in close proximity to the Town which offer a variety of educational programs.

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

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.

Form of Government

From 1921 until 2005, the Town 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. The Mayor's term is for four years. The Mayor is recognized as the head of the Town and appoints all department heads including the Town Attorney, appoints citizens to commissions, prepares the budget, establishes criteria for evaluation of subordinates, and signs or vetoes legislation passed by the Council. This power includes the ability to veto a specific line item within proposed operating budgets. The Mayor's attendance at all Council meetings is required, but the Mayor is not able to vote unless to break a tie vote of the Town Council. A Chief Administrative Officer (the "CAO") is appointed by the Mayor, and assists the Mayor with budget preparation, labor negotiations, and any other areas deemed appropriate by the Mayor. The CAO is required to have an education and background in public administration. A Town Council of ten members, who are elected biennially for two-year terms and cannot serve more than three consecutive terms, performs the legislative function. The Town Council approves the annual budget, supplemental appropriations, and bond authorizations. See "Emergency Appropriations" and "Legal Requirements for Approval of Borrowing" herein.

Municipal Officials

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
John A. Harkins	Mayor	4 years - Elected	7 years
Beth Daponte	Town Council Chair	2 years - Elected	Less than 1 year
Scott Farrington-Posner	Town Council Member	2 years - Elected	Less than 1 year
Wali Kadeem	Town Council Member	2 years - Elected	Less than 1 year
David L. Harden	Town Council Member	2 years - Elected	Less than 1 year
Gregory Cann	Town Council Member	2 years - Elected	Less than 1 year
Philip L. Young	Town Council Member	2 years - Elected	Less than 1 year
Marianne E. Antezzo	Town Council Member	2 years - Elected	Less than 1 year
J. Vincent Chase	Town Council Member	2 years - Elected	Less than 1 year
Alan Llewelyn	Town Council Member	2 years - Elected	Less than 1 year
Tina M. Manus	Town Council Member	2 years - Elected	Less than 1 year
Christopher Tymniak	Chief Administrative Officer	Appointed	Less than 1 year
Dr. Janet M. Robertson	Superintendent of Schools	Appointed	3 1/2 years
<i>Vacant</i>	Director of Finance	Appointed	n/a
Marc Dillon	Chief of Staff	Appointed	6 years
Ron Ing	Director of Personnel	Appointed	7 years

Principal Officials

Mayor – John A. Harkins was sworn in as the Town’s second Mayor on December 14, 2009. A lifelong resident of the Town, Mayor Harkins has been serving his hometown in public office since his election to the Town Council (9th District) in 1995. As Councilman, he was Chairman of the Parks and Recreation Committee. He also served as Chairman of the Roosevelt Forest Commission.

Mayor Harkins was elected to the Connecticut House of Representatives from the 120th District, comprising the central portion of the Town in 1997 and served seven consecutive terms in the General Assembly. As a State Representative, Mayor Harkins served as Deputy Republican Leader at Large, as well as the Ranking Member of the General Assembly’s Select Committee on Veterans Affairs. During his legislative service, he was active in national organizations that work to enhance the ability of the General Assembly to better serve the people of the State. He was appointed in 1998 as the Connecticut Chair of the American Legislative Exchange Council ("ALEC"), the nation’s largest bipartisan organization comprised of individual state legislators. In 2004, he received the Legislator of the Year award from ALEC and in 2006 was selected to serve on ALEC’s national board of directors.

Mayor Harkins has long been active in town affairs and civic groups: Stratford Rotary Club (Past President), Bridgeport Regional Business Council, Stratford Train Station Advisory Committee, Raymark Advisory Committee, and St. Mark’s Catholic Church. A graduate of the University of Tulsa in Oklahoma, Mayor Harkins holds a Bachelor of Science Degree in Finance.

Chief Administrative Officer – Christopher W. Tymniak was hired on January 16, 2016. He is a current resident of Fairfield, Connecticut and former resident of Stratford. Mr. Tymniak brings 12 years of government experience to the office of Chief Administrative Officer ("CAO") with previous experience as the CAO for the City of Ansonia and Director of Governor Rell’s Southwestern Office. Mr. Tymniak is a graduate of Springfield College with a degree in Business Management. In his role as CAO, Mr. Tymniak oversees all day to day aspects of town operations.

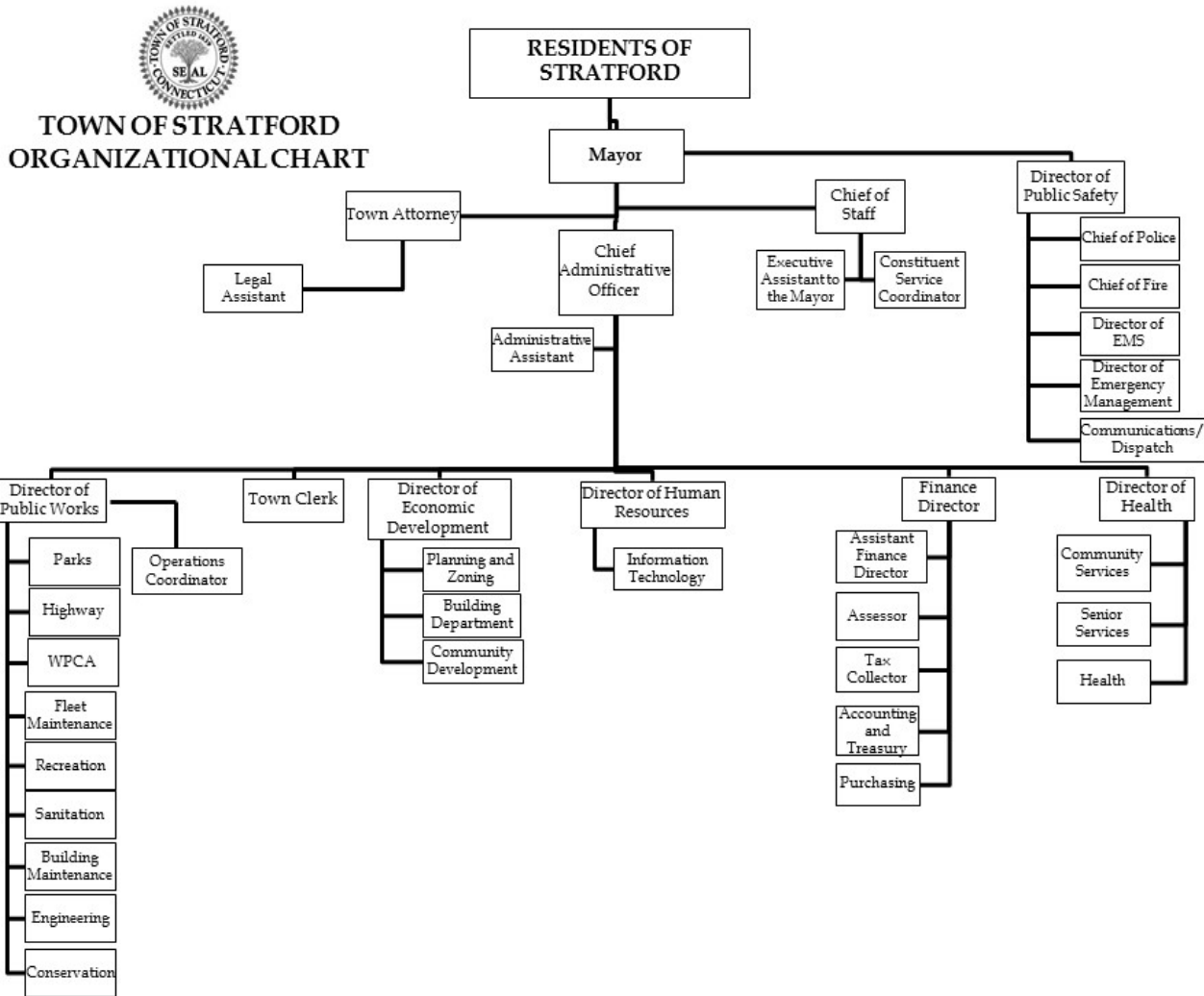
Superintendent of Schools – Dr. Janet Robinson was appointed Superintendent of Schools to begin on July 1, 2013. She earned her B.A. from California State University at Long Beach with a major in sociology, and her teaching credentials from the University of Hawaii. While teaching in Anaheim, California, she earned her M.S. in Counseling and a School Psychologist Certification and then worked as a School Psychologist in the Los Alamitos District. After moving to Connecticut, Dr. Robinson spent years as an Educational Consultant in districts throughout the country and eventually worked as Deputy Executive Director at Cooperative Educational Services in Trumbull, Superintendent of Schools in Preston, Derby, and Newtown before joining the Stratford Schools. Dr. Robinson earned her Doctorate in Educational Leadership from the

University of Connecticut. She has been adjunct faculty at the University of Bridgeport, Sacred Heart University, and Long Island University.

Dr. Robinson has been honored as the Peace Islands Educator of the Year and the University of Connecticut Superintendent of the Year in 2013. She also received the Western Connecticut State University President’s Award, the Connecticut Association of Public School Superintendents Exemplary Leadership Award, the National Superintendents Roundtable recognition of heroic leadership and the Bridgeport Regional Business Council Educator of the year award.

Director of Finance – The Director Finance’s position is currently vacant. The Town is in the process of interviewing candidates and expects to fill the position by the end of the calendar year. The Chief Administrative Officer, Christopher Tymniak is serving as the Acting Finance Director until the position is filled.

Organizational Chart



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Summary of Municipal Services

As previously indicated, the Town operates under a Mayor-Council form of government where the Mayor functions as the Chief Executive of the Town and day to day operations are managed by the CAO, at the direction of the Mayor. Reporting to the Mayor are the CAO, the Finance, Human Resources, Legal, Public Safety (Fire & Police Chiefs), the Public Works and Health departments and the Town Clerk.

The Town also has full time dedicated and certified staff specializing in Planning, Zoning, Engineering, Building and Information technology matters. Also, to ensure proper public purchasing and fiscal controls, the Town has a fully skilled and staffed Finance Department which includes finance administration, accounting, purchasing, tax assessment, and tax collection functions. The Finance Department, under the direction of the Director of Finance, is responsible for overall supervision of the Town's financial management, including treasury functions, property tax assessment, tax collection, financial accounting and reporting, payroll processing, debt management, purchasing, special financial analysis and management of the Town's pension fund.

The Town's Public Works Department serves the public with an all encompassing, one-stop-shopping, approach with responsibility for Building Inspections, Town Building Maintenance, Engineering, Parks, Highways, Town Garage, Recycling/Refuse, Sewers and Environmental Conservation. The Public Works Department has the responsibility for designing, developing, constructing and maintaining public roads, walks, parks and buildings in the community, including 191 miles of roads. This division also manages the building code enforcement program, pickup and disposal of solid waste generated within the Town, and provides guidance and direction in resource management on conservation and pollution control issues, including recycling mandates. The Town currently operates its own wastewater collection and treatment facility. The Town established an enterprise fund for its water pollution control facility on July 1, 1993. All costs of operating the sewer treatment system and its approximately 200 miles of sewer mains and laterals are funded through user charges. The Town's water is supplied by the Aquarion Water Company of Connecticut, a subsidiary of Aquarion Corporation and the Town's electricity is supplied by United Illuminating.

Public safety is of paramount importance to the Town and its citizens. The Fire, Police and Emergency Medical (ambulance) departments or services are responsible for the security and safety of the community. The Police Department has an authorized strength of 111 full-time members, including sworn officers, animal control officers and civilian support personnel. Numerous state and federal grants help fund many programs in areas such as community policing, police-youth outreach, traffic enforcement, and drug enforcement and prevention. The Stratford Fire Department has 104 members including a Communications Division responsible for manning the E-911 center and central dispatching. The department maintains a fire and rescue delivery system and an extensive fire prevention program. The Town maintains an Emergency Medical Services Program with six full time employees. The Town bills for ambulance services and has established an enterprise fund to account for these billings.

In 2016, the Town's Health Department reached a major milestone when it achieved national accreditation as a local health department. The Stratford Health Department covers everything from restaurant inspections to childhood immunizations, the staff works hard each day to promote health and well-being, prevent disease and ensure a clean and safe environment for Stratford residents.

Beyond day to day operations, the citizens of the Town are offered services that range from counseling services through its Community Services Department to recreation and leisure services through its Parks and Recreation department. Broadening the Town's reach of services are four Stratford based nonprofit agencies, independent of the Town, which provide services to citizens by contracts. These agencies are the Sterling House, the Stratford Public Library, Short Beach Complex, and the Stratford Visiting Nurses Association. In addition to these agencies, the Stratford Housing Authority (the "SHA") owns and operates over 500 dwelling units located in several separate areas throughout the Town. The SHA is self-supporting with an annual operating budget of over \$5,600,000 and assets of over \$12,500,000.

The Town utilizes the Greater Bridgeport Regional Solid Waste Interlocal (the "Interlocal") for the disposal of solid waste through the Greater Bridgeport Regional Solid Waste Interlocal Committee (the "Committee"), including a solid waste disposal and processing facility located in Bridgeport and operated by Wheelabrator Bridgeport L.P (the "Facility"). The current Municipal Services Agreement ("MSA") took effect on August 2, 2014 and expires on June 20, 2024, subject to two five (5) year extensions as described below. The Town is one of eleven Connecticut municipalities participating in the contract (a "Participating Municipality"). Each Participating Municipality has signed such an agreement and each participating municipality submits itself to the governance and jurisdiction of the Committee. Each Municipality annually appoints their Chief Elected Official to the Committee. The Committee negotiates, executes and delivers contracts for delivery of solid waste to a Facility under terms which it determines to be in the best interest of the eleven municipalities as a whole. Each municipality will be obligated to deliver all of its municipal solid waste to the Facility operated by Wheelabrator, but no minimum tonnage

is required to be delivered without the consent of that Participating Municipality. However, there is a total capacity for the Interlocal (250,000 tons per year) and for each Participating Municipality and if there is “excess” waste over and above that capacity Wheelabrator will accept it, but only if it has the capacity to do so, at a per ton tipping fee to be agreed upon at the time. Each Participating Municipality shall pay a disposal fee which is the tipping fee for each year multiplied by the tons of Acceptable Waste (AW) delivered, plus or minus adjustments, all as calculated on a monthly basis. Base tipping fee equals \$60.00 per ton, less \$1.00 per ton for every 25,000 tons in excess of 175,000 tons per year to the stated Interlocal capacity. The tipping fee is adjusted annually based on a formula encompassing changes in the Consumer Price Index. There is a weighted vote for all matters coming before the Committee based on tonnage delivered during the prior fiscal year. The total budget of the Interlocal will be prorated between each Participating Municipality based on tonnage delivered by each Participating Municipality to the Facility. The term of the MSA is 10 years, with two 5 year options if the Interlocal and Wheelabrator both agree to the same. All Participating Municipalities, including the Town, pledge their full faith and credit for the payment of all service payments under the MSA.

The Town is a member of the Southwest Regional Recycling Operating Committee which has entered into a five year contract with Winters Brothers for disposal of single stream recycling beginning July 1, 2013. The Town will deliver single stream recycling to the Winters Brothers Facility in Shelton and will receive \$20 per ton for all recycling delivered with no minimum commitment. The approximate tonnage is 3,300 for fiscal year 2016-17.

Educational System

The Town's 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.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Built</u>	<u>Renovation</u>	<u>Enrollment 10/1/2016 (1)</u>
Chapel Street School	K-6	1956	1966, 99	519
Franklin Elementary School	Pre K-6	1910	1917, 41, 66, 90	281
Stratford Academy School	Pre K-6	1966	1995	692
Lordship Elementary School	K-6	1941	1953, 84	270
Nichols Elementary School	K-6	1914	1927, 56, 91	421
Second Hill Lane School	Pre K-6	1954	1958, 99	636
Whitney Elementary School	K-6	1945	1948, 54, 92	492
Wilcoxson Elementary School	K-6	1928	1941, 48, 91	356
Flood Intermediate School	7-8	1972	1988	592
Wooster Intermediate School	7-8	1953	1995	543
Bunnell High School	9-12	1971	1991	1,037
Stratford High School	9-12	1925	1930, 36, 42, 50, 71, 89	924
Evening HS	9-12	N/A	N/A	32
ALPHA	9-12	N/A	N/A	31
Other Programs	K-12	N/A	N/A	161
Total				6,987

(1) Excludes special education students.

Source: Superintendent of Schools.

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School Enrollment

Actual Enrollments (1)

<u>School Year</u>	<u>PK-6</u>	<u>7-8</u>	<u>9-12</u>	<u>Total</u>
2007-08	3,882	1,139	2,307	7,328
2008-09	3,811	1,181	2,252	7,244
2009-10	3,912	1,178	2,187	7,277
2010-11	3,834	1,156	2,244	7,234
2011-12	3,829	1,148	2,202	7,179
2012-13	3,785	1,088	2,241	7,114
2013-14	3,925	1,116	2,157	7,198
2014-15	3,898	1,115	2,151	7,164
2015-16	3,754	1,142	2,120	7,016
2016-17	3,720	1,158	2,109	6,987

Enrollment Projections

2017-18	3,800	1,200	2,100	7,100
2018-19	3,800	1,200	2,100	7,100
2019-20	3,800	1,200	2,100	7,100
2020-21	3,800	1,200	2,100	7,100

(1) As of October 1.

Source: Superintendent of Schools.

Municipal Employment

Full-time Equivalents

<u>Fiscal Year</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Board of Education	909	882	891	891	890
General Government (1)	423	423	436	429	420
Total	1,332	1,305	1,327	1,320	1,310

(1) Includes Town grant supported employees and Town employees supported by Enterprise funds, including the Wastewater Treatment Plant and Short Beach Golf Course.

Source: Town Officials.

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Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u> ⁽¹⁾
General Government	
Administration	40
Finance	18
Human Development (2)	25
Physical Development	110
Public Safety	210
Wastewater Operations - WPC	14
Grants	6
Subtotal	<u>423</u>
Board of Education	
Administration and Principals	47
Teachers	579
Secretaries/Paraprofessionals	43
Classroom Instructional Aids	97
Nurses	16
Custodial/Maintenance	42
Cafeteria Workers	37
Non-union	48
Subtotal	<u>909</u>
Grand Total	<u><u>1,332</u></u>

(1) As of November 1, 2016.

(2) Includes employees of the Stratford Library Association, whose budget is supported by the Town, but whose employees are hired and managed by the Town Council-appointed Library Trustees.

Source: Town Officials.

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Municipal Employee Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered (1)</u>	<u>Current Expiration Date</u>
General Government			
Communications/Dispatch	United Public Service Employees Union	9	6/30/2017
Police	Council #15, Local 407, AFSCME	96	6/30/2017
Public Works	Local 134, Stratford Public Works Employees Association	105	6/30/2013 (2)
Firefighters	Local 998, International Association of Firefighters	93	6/30/2018
Town Hall	Local 136, Administrative, Technical and Clerical Employees AFL-CIO	50	6/30/2018
Supervisors	Supervisors, Council #4 AFSCME	32	6/30/2014 (2)
Non-Bargaining	Town non-bargaining employees (3)	38	N/A
	Total General Government	423	
Board of Education			
Administrators	Stratford Administrators Association Inc.	47	6/30/2017
Teachers	Stratford Education Association (Teachers)	579	6/30/2019
Nurses	Stratford School Nurses' Association, CSEA	16	6/30/2016 (2)
Classroom Instructional Aids (CIA), & Lunch Personnel	UAW Local 376	134	6/30/2016 (2)
Secretaries	Stratford Educational Secretaries' Association, CSEA	43	6/30/2017
Custodians	Stratford Public School Custodians Association	42	6/30/2017
Non-Bargaining	Town non-bargaining employees	48	
	Total Board of Education	909	
	Total	1,332	

(1) As of November 1, 2016.

(2) In negotiations.

(3) Includes both grant employees and employees of the Stratford Library Association.

Source: Town Officials.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Economic Development

Stratford is strategically located between New York City and Boston and has excellent transportation access which 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. Sikorsky Memorial Airport, which is located within the Town, just reopened runway 6-24 after a \$40 million federally funded improvement project which included hazardous sub-soil remediation; a new EMAS safety zone and improvements to nearby Main Street.

The past year has been historic in terms of accomplishments as many developments have been completed after many years of working with multiple Federal and State agencies. Connecticut lawmakers recently approved a \$220 million dollar incentive agreement with Lockheed Martin. Under this agreement, Sikorsky will remain in Stratford and produce helicopters for the U.S. Navy. Lockheed Martin, Sikorsky's parent company, has agreed to keep Sikorsky in Stratford and grow its full-time employment to more than 8,000 workers in the next decade. Lockheed Martin has also agreed to increase its capital spending to \$350 million per year. This will have a major positive economic impact for Sikorsky suppliers in Connecticut, the majority of which are located in Stratford.

The United States Environmental Protection Agency ("EPA") has announced a comprehensive cleanup plan for Stratford's Raymark Industries Inc, Superfund Sites. The EPA and State of Connecticut will be investing \$95 million to clean up the community and allow for redevelopment of the currently unused and blighted Superfund sites in Town. It will also address many commercial properties whose reuse has been hampered by the presence of Raymark waste. This clean-up will address environmental hazards and allow properties to be used to their full potential, which in turn should provide an economic benefit to the Town.

Stratford's former Army Engine Plant, a 77 acre waterfront property, has received grants of more than \$900,000 from the State of Connecticut for predevelopment planning and environmental compliance analysis. The Army Corps, Department of Defense and Connecticut Department of Energy and Environmental Protection continue to meet and discuss the remediation of the site, the Housatonic River mudflats and ultimately the transfer of the property. Legislation to create a Special Tax District to enhance the proposed infrastructure of the Stratford Army Engine Plant passed both the Connecticut House of Representatives and State Senate and has been signed by the Governor. Point Stratford Renewal, the developer, is working with the Town's zoning office to create a new zone called Waterfront Redevelopment District for the 77-acre property. The developer is continuing to meet with prospective tenants for a mixed use development. The developer currently holds several Letters of Intent to develop the parcel.

There are currently numerous developments in various stages of progress within the Transit Oriented Development district ("TOD") which is within one half mile radius around the Metro North train station. The State of Connecticut Department of Economic and Community Development awarded Stratford a \$1.2 million dollar grant to remediate and abate a 3.6 acre former public school for redevelopment in the TOD. The state's Office of Policy and Management has also awarded Stratford a \$200,000 Transit Oriented Development Planning grant for a Complete Street Improvement Plan in this area. There are also multiple residential development projects within the TOD that will drive economic development and growth. Three new apartment buildings will create 248 new apartments which will substantially increase the downtown density, which in turn should drive further economic development. Developing this valuable town owned and underutilized property will result in direct and indirect benefits to the Town of Stratford and local businesses.

In the past year, Stratford has seen a number of existing companies grow and expand. Two Roads Brewing Company has grown from 7 employees to 90 employees in less than 4 years. Two Roads Brewing has also expanded their footprint in Stratford with the purchase of a 3 acre property adjacent to their current site. Their vision is to build a second brewery on the site. Hubbell Electric Water Heaters is a 3rd generation Stratford company that continues to grow. The company is planning a \$2.1 million dollar expansion and will be hiring 35 new employees. Nouvo Pasta continues to grow in Stratford as well. The company has already outgrown their brand new facility on Honeyspot Road Ext. and is now leasing an additional 20,000 square feet of space. Nouvo has created more than two dozen jobs over the past two years and had a 20 percent increase in revenue. Federal Express has recently opened its brand new 225,000 square foot building on Lordship Boulevard. They will be creating 68 new jobs in Stratford and retaining 85 current jobs.

The construction of a new full interchange at Exit 33 has great potential to enhance economic opportunities for Stratford's Route 1 through increased access. This project would also replace the functionally outdated partial interchange at Exit 33 and complement the improvements on I-95 which are occurring with the work being done on the Moses Wheeler Bridge project. It is expected that new interchange will greatly benefit Stratford's citizens and visitors with enhanced traffic patterns on Route 1, thus aiding in the commercial redevelopment in and around Stratford's TOD district and Route 1 corridor.

There are many new companies to Stratford in the past year: Saugatuck Kitchens, MDJ studios, Merrimac Building Supply, Bristol Fashion Cabinetry and Millwork, Anatolia Group, Macron Sports, Coating Design Group Inc, Nuthin But Foods, Advanced Auto Parts, Jump Off Trampoline Park, United Aero Group, and Fairfield Craft Ales. The unemployment rate in Stratford reflects the influx of new companies to town. As reported by the Connecticut Department of Labor, the unemployment rate has dropped consecutively over the last 4 years, 9.1% in 2012 to 6.5% in August 2016.

The Town has foreclosed on a number of properties that have long standing tax liens. Mayor Harkins created the Stratford Redevelopment Agency ("SRA") which is commissioned with cleaning up and developing these Town-owned brownfield properties. The SRA's purpose and mission is to devise and implement a diverse plan to promote industrial, economic and commercial development in Stratford. Of the 4 Town-owned properties, significant progress has been made on all of the properties. The SRA has negotiated an offer/lease on a Town-owned brownfield property at 993 Honeyspot Road. The property is being cleared of all blight. The lessee has already made substantial capital improvements to the building. The Connecticut Department of Economic and Community Development (DECD) has awarded the Town of Stratford a \$2,850,000 grant to remediate Town owned 540 Longbrook Avenue (previously know as Contract Plating). This is a 10 acre property located within the TOD district. It is currently being remediated and the Town is preparing to go out to RFP to determine the end use. Once remediated, this property will be shovel ready for development. 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. This property will also be ready for redevelopment. Another Town-owned property is in the process of Phase 1 and 2 environmental testing of a former garage on Stratford Avenue. An EPA grant is funding the testing. Cleanup of the blight has already begun on the site. There are currently multiple offers for this property that are being vetted.

Over \$4 million in loans and grants have been awarded to more than 20 businesses in Stratford, as part of the state's Small Business Express program. The program has helped the Town retain and create more than 700 jobs in Stratford.

Construction is complete on an additional 110 parking spaces at the Metro North Train Station. This is slated to be the first of three phases of construction by the CT DOT.

Recent Town Fiscal and Operational Control Action Steps

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

The Town has continued with an aggressive tax foreclosure approach that commenced in 2010 to collect outstanding tax bills. The process has yielded positive returns and reduced the number of outstanding tax bills. This effort is being coordinated between the Tax Collector's Office and Town Attorney's Office.

In May of 2016, the Town's Fiscal Year 2016-2017 operating budget was adopted. The adopted budget included a \$7 million increase in education investments. Increased investment will help with student advancement and an increase the reputation of the Town's education system. 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.

Two of the general government labor contracts, Public Works (expired on June 30, 2013) and Supervisors (expired on June 30, 2014) are currently in negotiations. The Town's work force is currently stable at a total of 428 full time employees, including 5 grant funded employees. Within the past year, the Town negotiated and implemented a High Deductible Health Plan that includes Health Savings Accounts with four of the unions. The Town estimates there has been a reduction in cost to the Town of approximately \$700,000 as a result of the new health plans.

The Town's cost control efforts include continuing to monitor all overtime expenses and bi-weekly expense reviews with department heads as well as Quarterly Business Reviews (QBRs) to review and better manage fiscal operations. The Town will work to continue to control spending, attempt to obtain its collection goals and strive to achieve balanced operations.

Recent Financial Results

For Fiscal Year ending June 30, 2016, the Town anticipates that it will end the year with a \$0.6 million deficit in the General Fund (see "Comparative General Fund Operating Statement – FY 2015-16 and FY 2016-17" herein).

The Adopted FY 2015-16 Budget included revenues and expenses related to the pending sale of the WPCA. When the sale did not occur, both revenues and expenditures were adjusted to reflect the non-sale of the asset. The revenue budget was reduced by approximately \$3.0 million as was the Town contribution to the Medical Internal Service Fund on the expenditure side. Additional budget transfers were booked to accurately reflect PILOT payments, rent and overhead revenues as well as utility savings, Town and BOE building sewer use charges and Town Council (WPCA) expenditures.

The projected \$0.6 million General Fund deficit for FY 2015-16 is inclusive of a combined \$1.9 million positive revenue variance. The positive revenue variance was the result of revenues exceeding the budget in the areas of tax collections (\$1.1 million), intergovernmental revenue (\$0.8 million), licenses, permits and fees (\$0.3 million), and departmental revenues (\$0.2 million) and in other revenue accounts (\$0.1 million). The positive revenue variance was inclusive of a \$0.8 million negative variance in other financing sources related to the net impact of the non-sale of the WPCA and a \$0.5 million negative variance in other revenues.

For the FY 2015-16, the Town is estimating a combined \$1.6 million negative expenditure variance. The negative expenditure variance resulted from expenditures exceeding budget in the following areas: Public Safety (\$1.3 million) including Fire (\$0.8 million) and Police (\$0.5 million); Employee Benefits (\$1.0 million) and contingency (\$0.1 million) related to contract settlements. The combined negative expenditure variance was inclusive of positive expenditure variances in Human Development (\$0.1 million) and Physical Development (\$0.6 million).

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SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of Stratford</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1980	50,541	807,143	3,107,576
1990	49,389	857,270	3,287,116
2000	49,976	882,567	3,405,565
2010	51,384	916,829	3,574,097
2014	52,092	934,215	3,592,053

Source: U.S. Census Bureau.

Age Characteristics of Population

<u>Age</u>	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	2,359	4.5	55,160	5.9	194,338	5.4
5 - 9	2,859	5.5	62,453	6.7	217,491	6.1
10 - 14	2,975	5.7	66,834	7.2	234,666	6.5
15 - 19	3,282	6.3	66,306	7.1	255,499	7.1
20 - 24	2,776	5.3	52,937	5.7	234,482	6.5
25 - 34	5,876	11.3	108,966	11.7	433,145	12.1
35 - 44	7,284	14.0	126,509	13.5	459,130	12.8
45 - 54	8,250	15.8	149,979	16.1	563,772	15.7
55 - 59	3,813	7.3	62,942	6.7	253,952	7.1
60 - 64	3,172	6.1	51,854	5.6	214,499	6.0
65 - 74	4,663	9.0	68,211	7.3	280,541	7.8
75 - 84	3,082	5.9	41,333	4.4	162,971	4.5
85 and over	1,701	3.3	20,731	2.2	87,567	2.4
Total	<u>52,092</u>	<u>100.0</u>	<u>934,215</u>	<u>100.0</u>	<u>3,592,053</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Selected Wealth and Income Indicators

	<u>Median Family</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2014)</u>	<u>(2000)</u>	<u>(2014)</u>
Town of Stratford	\$64,364	\$ 86,274	\$26,501	\$ 34,775
Fairfield County	77,690	105,275	38,350	49,688
Connecticut	65,521	88,217	28,766	38,480
United States	49,600	65,443	21,690	28,555

Source: U.S. Census Bureau.

Income Distribution

	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	471	3.5	6,792	2.9	30,584	3.4
10,000 to 14,999	148	1.1	3,775	1.6	18,591	2.1
15,000 to 24,999	545	4.0	10,698	4.6	46,537	5.2
25,000 to 34,999	1,195	8.8	13,458	5.8	56,473	6.3
35,000 to 49,999	1,291	9.5	18,649	8.0	85,206	9.5
50,000 to 74,999	2,364	17.5	29,654	12.8	140,776	15.6
75,000 to 99,999	1,946	14.4	27,334	11.8	129,656	14.4
100,000 to 149,999	3,131	23.2	42,767	18.5	184,327	20.5
150,000 to 199,999	1,367	10.1	25,374	10.9	93,100	10.3
200,000 or more	1,066	7.9	53,228	23.0	114,307	12.7
	<u>13,524</u>	<u>100.0</u>	<u>231,729</u>	<u>100.0</u>	<u>899,557</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Educational Attainment

<u>Educational Attainment Group</u>	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	1,621	4.3	33,374	5.3	106,784	4.3
9th to 12th grade, no diploma	2,141	5.7	34,812	5.5	150,227	6.1
High School graduate (includes equivalency)	12,409	32.8	142,082	22.5	677,887	27.6
Some college, no degree	7,158	18.9	97,284	15.4	431,807	17.6
Associates degree	2,901	7.7	36,551	5.8	180,321	7.3
Bachelor's degree	7,283	19.2	160,572	25.5	506,662	20.6
Graduate or professional degree	4,328	11.4	125,850	20.0	401,889	16.4
Total	37,841	100.0	630,525	100.0	2,455,577	100.0
Percent of High School Graduates		90.1%		89.1%		89.5%
Percent of College Graduates		30.7%		45.4%		37.0%

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Employment by Industry

<u>Employment Sector</u>	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing, Hunting & Mining	42	0.2	1,178	0.3	7,413	0.4
Construction	1,356	5.2	29,210	6.4	97,974	5.5
Manufacturing	3,269	12.6	38,520	8.5	191,057	10.8
Wholesale Trade	432	1.7	10,850	2.4	44,195	2.5
Retail Trade	2,906	11.2	48,583	10.7	191,267	10.8
Transportation, Warehousing & Utilities	1,194	4.6	14,251	3.1	65,068	3.7
Information	812	3.1	13,153	2.9	41,905	2.4
Finance, Insurance & Real Estate	2,051	7.9	55,651	12.2	161,926	9.2
Professional, Scientific & Management	3,017	11.6	71,029	15.6	197,880	11.2
Educational Services & Health Care	7,127	27.5	100,357	22.0	467,574	26.5
Arts, Entertainment, Recreation & Food Services	1,863	7.2	37,532	8.2	154,005	8.7
Other Service (including nonprofit)	1,109	4.3	24,432	5.4	80,179	4.5
Public Administration	747	2.9	10,769	2.4	66,491	3.8
Total	25,925	100.0	455,515	100.0	1,766,934	100.0

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Number of Employees (1)</u>
Sikorsky Aircraft	Manufacturer of Helicopters	6,082 (2)
Town of Stratford	Government	1,332
United Parcel Service	Package Delivery	521
Lord Chamberlain	Skilled Nursing Facility	470
Ashcroft Holdings	Manufacturer of Gauges, Valves	422
Burns Construction	Construction	380
Connecticut Distributors	Liquor Distributors	277
Aptar	Manufacturer Pump Atomizers	271
Yale New Haven Technology Center	Electronic Data Storage	222
Bridgeport Fittings	Manufacturer of Electrical Fittings	206
Wal*Mart	Retail Chain	184
ShopRite	Retail Grocery Products	182
Home Depot	Retail Chain	174
Frontier	Telecommunications	164
Stop & Shop	Retail Grocery Products	164
William B. Meyer	Moving, Storage, Rigging	113
Cablevision	Cable Television, Internet, Telecom.	103
Total		11,267

(1) As of November 1, 2016.

(2) Represents employees who are physically housed at the Stratford facility. Sikorsky employs approximately 7,900 regional employees who report to the Stratford headquarters, including approximately a combined 1,500 in the nearby communities of Monroe, Bridgeport and Shelton. In September 2016, the State of Connecticut and Lockheed Martin, the parent company of Sikorsky Aircraft, announced an agreement to provide up to \$220 million in state aid in exchange for keeping and possibly increasing jobs in the state over the next 14 years.

Source: Town of Stratford, Department of Economic and Community Development.

Unemployment Rate Statistics (Non-seasonally adjusted)

<u>Yearly Average</u>	<u>Town of Stratford</u>	<u>Bridgeport Labor Market (1)</u>	<u>State of Connecticut</u>	<u>United States</u>
2006	4.5 %	3.9 %	4.3 %	4.6 %
2007	4.7 %	4.1 %	4.6 %	4.6 %
2008	6.1 %	5.3 %	5.7 %	5.8 %
2009	8.7 %	7.6 %	8.0 %	9.3 %
2010	9.9 %	8.5 %	9.0 %	9.6 %
2011	9.6 %	8.2 %	8.8 %	9.0 %
2012	9.1 %	7.8 %	8.3 %	8.1 %
2013	8.5 %	7.3 %	7.9 %	7.4 %
2014	7.5 %	6.4 %	6.6 %	6.2 %
2015	6.4 %	5.5 %	5.6 %	5.3 %
<u>2016 Monthly</u>				
January	6.7 %	5.8 %	6.0 %	5.3 %
February	6.7 %	5.8 %	6.0 %	5.2 %
March	7.0 %	6.0 %	6.2 %	5.1 %
April	6.8 %	5.4 %	5.6 %	4.7 %
May	6.1 %	5.2 %	5.4 %	4.5 %
June	6.6 %	5.7 %	5.9 %	5.1 %
July	6.5 %	5.4 %	5.6 %	5.1 %
August	6.5 %	5.4 %	5.6 %	5.0 %

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

Value of Building Permits

Calendar Year	Value	Alterations/ Additions	
		Miscellaneous	Total
2016 (1)	\$ 1,565,910	\$ 15,898,192	\$ 17,464,102
2015	11,701,211	21,722,267	33,423,478
2014	14,287,184	24,695,477	38,982,661
2013 (2)	24,095,003	18,723,193	42,818,196
2012	1,311,653	15,906,965	17,218,618
2011	3,070,277	17,603,403	20,673,680
2010	4,283,455	26,892,946	31,176,401
2009	2,401,105	17,307,194	19,708,299
2008	3,564,153	16,359,527	19,923,680
2007	11,054,016	52,216,684	63,270,700

(1) As of August 31, 2016.

(2) Includes \$9,541,246 for a four (4) building multi-family housing complex.

Source: Town of Stratford, Office of Building Inspections.

Number of Dwelling Units

2014	2000	1990	1980	% Increase 2000-2014	% Increase 1980-2014
21,736	20,596	20,152	18,957	5.5%	14.7%

Source: U.S. Census Bureau.

Stratford Housing Inventory

Type	Units	Percent
1-unit detached	14,283	65.7
1-unit attached	2,458	11.3
2 to 4 units	3,144	14.5
5 to 9 units	419	1.9
10 or more units	1,432	6.6
Mobile home, trailer, other	-	-
Total Inventory	21,736	100.0

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Characteristics of Housing Units

Value of Owner Occupied Units	Town of Stratford		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	493	3.0	4,664	2.0	24,122	2.6
50,000 to 99,999	530	3.2	4,247	1.9	26,438	2.9
100,000 to 149,999	935	5.7	7,431	3.3	72,756	8.0
150,000 to 199,999	2,403	14.7	14,232	6.2	137,797	15.1
200,000 to 299,999	6,929	42.3	35,819	15.7	257,364	28.2
300,000 to 499,999	4,269	26.1	69,761	30.6	243,882	26.7
500,000 to 999,999	739	4.5	60,739	26.6	109,918	12.0
1,000,000 and over	86	0.5	31,438	13.8	40,766	4.5
Total	16,384	100.0	228,331	100.0	913,043	100.0
Median Value	\$256,900		\$422,400		\$274,500	

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Age Distribution of Housing

<u>Year Structure Built</u>	<u>Town of Stratford</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1939 or earlier	4,699	21.6	2,833	0.8	7,423	0.5
1940 to 1949	2,698	12.4	24,846	6.9	104,093	7.0
1950 to 1959	5,277	24.3	24,607	6.8	113,875	7.6
1960 to 1969	2,814	12.9	41,461	11.4	193,794	13.0
1970 to 1979	3,473	16.0	49,147	13.6	200,288	13.4
1980 to 1989	1,449	6.7	52,575	14.5	199,413	13.4
1990 to 1999	827	3.8	62,069	17.1	232,682	15.6
2000 to 2009	475	2.2	27,396	7.6	104,523	7.0
2010 or later	24	0.1	77,682	21.4	334,290	22.4
Total housing units	<u>21,736</u>	<u>100.0</u>	<u>362,616</u>	<u>100.0</u>	<u>1,490,381</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Breakdown of Land Use

<u>Land Use Category</u>	<u>Total Acreage</u>	
	<u>by Zoning</u>	<u>Percent</u>
Agriculture	129	1.1
Residential - Low Density	4,042	33.9
Residential - Medium Density	618	5.2
Commercial	518	4.3
Industrial	848	7.1
Community Service	464	3.9
Public Services	540	4.5
Park/Open Space	1,903	15.9
Vacant	572	4.8
Water Bodies, Roads, R.O.W.'s, Other	1,738	14.6
Transportation/Utility	561	4.7
Total Area	<u>11,933</u>	<u>100.0</u>

Source: Town Plan of Conservation and Development, December 2013.

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit and Debt Margin

As of January 4, 2017 (Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2016 (unaudited estimate)	\$164,975,356
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze	<u>6,000</u>
Base for Debt Limitation Computation	<u><u>\$164,981,356</u></u>

Debt Limitation (1)	General Purposes	Schools	Sewers	Urban	Past Pension	Total Debt
2 1/4 times base	\$371,208,051					
4 1/2 times base		\$742,416,102				
3 3/4 times base			\$618,680,085			
3 1/4 times base				\$536,189,407		
3 times base					\$494,944,068	
7 times base						\$1,154,869,492
Indebtedness:						
Outstanding Debt (2)	\$ 68,830,179	\$ 39,634,352	\$ 414,181	\$ -	\$150,990,000	\$ 259,868,712
The Bonds (<i>This Issue</i>)	14,718,945	10,541,055	-	-	-	25,260,000
The Notes (<i>This Issue</i>)	-	25,000,000	-	-	-	25,000,000
Clean Water Fund PLO (3)	-	-	32,397,543	-	-	32,397,543
Authorized but Unissued Debt	1,552,724	103,613,792	1,327,141	-	-	106,493,657
Total Indebtedness	85,101,848	178,789,199	34,138,865	-	150,990,000	449,019,912
Less:						
School Grants Receivable (4)	-	(72,620,008)	-	-	-	(72,620,008)
Total Net Indebtedness	85,101,848	106,169,191	34,138,865	-	150,990,000	376,399,904
Debt Limitation in Excess of Indebtedness	\$286,106,203	\$636,246,911	\$584,541,220	\$536,189,407	\$343,954,068	\$778,469,588

- (1) Under Chapter 109 of the Connecticut General Statutes the total of all indebtedness shall not exceed seven times the base or \$1,154,869,494.
- (2) Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes \$6,948,713 in bonds issued to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$6,948,713 of outstanding bonds for the EPC but exclude \$572,490 of outstanding lease payments which are subject to annual appropriation.
- (3) The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.
- (4) As of January 4, 2017 the Town expects to receive \$72,154,856 in progress payments for current school construction projects and \$465,152 in school building construction bond subsidy grants from the State of Connecticut over the life of outstanding school construction bonds approved prior to July 1, 1996. (See "School Projects" herein.)

Source: Town Officials.

Calculation of Net Direct Indebtedness

As of January 4, 2017 (Pro Forma)

Indebtedness (1)	
Bonded Debt	
The Bonds (<i>This Issue</i>)	\$ 25,260,000
General Purpose	68,830,179
Schools	39,634,352
Sewers	414,181
Pensions	150,990,000
State of Connecticut CWF PLO (2)	<u>32,397,543</u>
Total Bonded Debt	<u>317,526,255</u>
Short Term Debt	
The Notes (<i>This Issue</i>)	<u>25,000,000</u>
Gross Direct Debt	342,526,255
Exclusions:	
School Grants Receivable (3)	(465,152)
Guaranteed Energy Performance Contract (4)	<u>(6,948,713)</u>
Net Direct Debt	<u><u>\$335,112,390</u></u>

- (1) Does not include authorized but unissued debt of \$106,493,657.
- (2) The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.
- (3) As of January 4, 2017, the Town expects to receive \$465,152 in school building construction bond subsidy grants from the State of Connecticut over the life of outstanding school construction bonds approved prior to July 1, 1996. (See "School Projects" herein.)
- (4) Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes \$6,948,713 in bonds issued to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$6,948,713 of outstanding bonds for the EPC but exclude \$572,490 of outstanding lease payments which are subject to annual appropriation.

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Current Debt Ratios

As of January 4, 2017 (Pro Forma)

Gross Direct Debt	\$342,526,255
Net Direct Debt	\$335,112,390
Population (1)	52,092
Net Taxable Grand List (10/1/15)	\$4,478,990,696
Estimated Full Value	\$6,398,558,137
Equalized Net Taxable Grand List (2014) (2)	\$6,353,037,221
Per Capita Income (1)	\$34,775
Total Direct Indebtedness:	
Per Capita	\$6,575.41
To Net Taxable Grand List	7.65%
To Estimated Full Value	5.35%
To Equalized Net Taxable Grand List	5.39%
Per Capita to Per Capita Income	18.91%
Net Direct Indebtedness:	
Per Capita	\$6,433.09
To Net Taxable Grand List	7.48%
To Estimated Full Value	5.24%
To Equalized Net Taxable Grand List	5.27%
Per Capita to Per Capita Income	18.50%

(1) U.S. Census Bureau, American Community Survey, 2010-2014.

(2) Office of Policy and Management, State of Connecticut

Historical Debt Statement

	<u>2015-16 (1)</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Population (2)	52,092	52,092	52,092	51,694	51,440
Net taxable grand list	\$4,442,837,825	\$4,558,230,784	\$4,531,453,688	\$4,525,015,543	\$4,515,905,062
Estimated full value	\$6,346,911,179	\$6,511,758,263	\$6,473,505,269	\$6,464,307,919	\$6,451,292,946
Equalized net taxable grand list (3)	\$6,353,037,221	\$6,545,374,298	\$6,517,575,795	\$6,121,995,817	\$6,257,705,490
Per capita income (2)	\$ 34,775	\$ 34,775	\$ 34,775	\$ 34,215	\$ 33,805
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	\$ 313,058,266	\$ 335,373,427	\$ 323,615,090	\$ 179,273,956	\$ 174,019,350
Total Direct debt	\$ 313,058,266	\$ 335,373,427	\$ 323,615,090	\$ 179,273,956	\$ 174,019,350
Net Direct debt	\$ 312,334,645	\$ 334,388,726	\$ 322,367,186	\$ 177,550,182	\$ 171,816,443

(1) Unaudited estimate.

(2) U.S. Census Bureau, American Community Survey.

(3) Office of Policy and Management, State of Connecticut

Historical Debt Ratios

	<u>2015-16</u> (1)	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Total Direct debt:					
Per capita	\$6,009.72	\$6,438.10	\$6,212.38	\$3,467.98	\$3,382.96
To net taxable grand list	7.05%	7.36%	7.14%	3.96%	3.85%
To estimated full value	4.93%	5.15%	5.00%	2.77%	2.70%
To equalized net taxable grand list	4.93%	5.12%	4.97%	2.93%	2.78%
Debt per capita to per capita income	17.28%	18.51%	17.86%	10.14%	10.01%
Net direct debt:					
Per capita	\$5,995.83	\$6,419.20	\$6,188.42	\$3,434.64	\$3,340.13
To net taxable grand list	7.03%	7.34%	7.11%	3.92%	3.80%
To estimated full value	4.92%	5.14%	4.98%	2.75%	2.66%
To equalized net taxable grand list	4.92%	5.11%	4.95%	2.90%	2.75%
Debt per capita to per capita income	17.24%	18.46%	17.80%	10.04%	9.88%

(1) Unaudited estimate.

Outstanding Short-Term Indebtedness

Following this issue, the Town will have \$25,000,000 in outstanding short-term indebtedness.

Overlapping and Underlying Indebtedness

The Town has no overlapping or underlying indebtedness.

Clean Water Fund Program

The Town is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are funded with a 30% grant and a 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs ("Interim Funding Obligations"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in a single annual installment representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement and then thereafter in monthly installments. Loans made under a Loan Agreement entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following permanent Clean Water Fund loans outstanding:

Project	Date of Issue	Amount	
		Original 2% Loan Amount	Outstanding As of 1/4/17
CWF PLO 105-CSL	8/31/2007	\$ 1,837,123	\$ 1,008,170
CWF PLO 366-C1	10/29/2010	46,154,572	31,389,373
		<u>\$ 47,991,695</u>	<u>\$ 32,397,543</u>

Prior upgrades to the Town's Water Pollution Control Facility were financed through the State of Connecticut's Clean Water Fund Program. In October 2010, the Town borrowed approximately \$46.1 million and received approximately \$12.8 million in grants from the State of Connecticut Clean Water Fund and \$1.7 million in grants from the federal government for the project. Although the security on the loans was the Town's full faith and credit, the Town expects that the debt service on the loans will be repaid from sewer user fees.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut (the "State of Connecticut" or the "State") provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to a municipality after it submits its request for progress payments, and accordingly, the municipality will issue bonds and notes only for its net share of project costs. Current and future school projects of the Town will receive reimbursement under this method include the following:

Project	Total Authorization	Reimbursement Rate	Estimated Grant (1)
New Victoria Soto School	\$ 18,350,654	56.43%	\$ 7,622,689
Stratford High School Improvements	125,966,646	57.00%	73,015,468
Total	<u>\$144,317,300</u>		<u>\$80,638,157</u>

- (1) Estimated grants receivable are based upon eligibility of project costs. Eligible costs are to be determined at completion of a post-project audit. To date, the Town has received \$8,483,301 in grants for the projects listed above.

Debt service reimbursement of approximately \$465,152 will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the prior program, a municipality issued bonds and notes for the entire amount of the school construction project and the State reimbursed the municipality for principal and interest costs for eligible school construction projects over the life of outstanding school bond issues necessary to completely fund the project.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school construction projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists for such state and/or federal grants, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes, as amended, subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Town Charter, upon the vote of the Town Council after recommendation by the Ordinance Committee, the Town may issue bonds and notes pursuant to the Connecticut General Statutes for certain purposes and to the limit allowed by the Connecticut General Statutes.

Ordinances for bonds specify that the Town shall levy taxes in each year to meet the principal and interest due and payable on bonds issued pursuant to such ordinances.

Provisions Regarding Bond Authorizations

The normal provisions for adopting a bond ordinance in accordance with the Town Charter are provided below. However, in the case of refunding bonds, the Town, in accordance with Section 7-370c of the Connecticut General Statutes, which supersedes the Town Charter, authorizes its refunding bonds by the passage of a resolution by the Town Council. Such resolution is effective immediately upon passage.

Pursuant to the Town Charter, the legislative body of the Town is the Town Council. The Town Council has the authority to adopt ordinances making appropriations and authorizing the issuance of bonds and notes to meet appropriations. Bond ordinances require public notice of at least two weeks before final action by the Town Council. After a public hearing and a second reading, bond ordinances must be adopted upon the approval of at least seven members of the Town Council, or failing such approval, may be submitted to the electors of the Town at a regular or special election. Ordinances become effective thirty days after passage.

The Town's bond ordinances authorize bonds or bond anticipation notes to be issued and sold by the Mayor and the Director of Finance. The Mayor and Director of Finance also approve the issuance and sale of bonds from time to time to permanently finance any bond anticipation notes outstanding when there are no other conditions precedent to the issuance of bonds under duly adopted ordinances.

The Charter of the Town provides in Section 6.2.6 as follows: "Upon the adoption of a budget, the council shall, by ordinance, levy such tax as may be necessary to meet the appropriations made (less the estimated amount of revenue from other sources) and all sums required by law to be raised on account of the Town debt, together with such addition, not exceeding five (5%) per centum, as may be necessary to meet commissions, fees and abatements in the amount of taxes collected from the estimates, and shall prescribe the manner and time for payment."

The Charter provides further in Section 2.2.4., in part, as follows: "...Every issue of bonds shall be payable with a term of years not to exceed the estimated period of utility of the public improvement for which they are issued and in no case exceed thirty (30) years, and shall be payable with exception of the last annual installment, in equal annual serial installments." and "...Every ordinance for the issue of bonds shall provide for a tax levy for each year to meet the annual serial installments of principal and interest, and such amounts shall be included in a tax levy for each year until said bonds shall have been paid in full."

Each bond ordinance of the Town, including the bond ordinance for the Bonds, contains the provisions of Sections 6.2.6 and 2.2.4 of the Town Charter, with respect to a pledge to levy taxes sufficient to pay principal and interest due on bonds of the Town in any fiscal year. Each bond of the Town issued pursuant to the Town Charter and a duly adopted bond ordinance constitutes a contract between the Town and the owner thereof.

The above provisions of the Town Charter and State law impose a legal duty on the Town to levy ad valorem taxes on all taxable property in the Town without limitation as to rate or amount, except as to classified property, to pay principal of and interest on the bonds or notes of the Town and, in the event of failure by the Town to make such payments when due, a bond owner may sue the Town to compel such payments.

The Charter of the Town further provides electors of the Town the power to initiate a petition for the adoption or repeal of ordinances or other measures. If the Town Council shall fail to adopt an ordinance or other measure initiated by petition, the proposed ordinance or measure must be submitted to a vote of the electors at the next Town election occurring not less than 30 days after the date of the final action by the Town Council, and if no election is to be held within six months from such date, the Town Council shall call a special election to be held not less than 30 nor more than 45 days from such date. If the electors petition to repeal an ordinance, a petition may be filed within 30 days of its final passage. The Town will reconsider such

ordinance which will not go into effect until a vote of the electors is held. If the Town Council does not repeal the ordinance, it will be submitted to a vote of the electors at the next Town election which must occur not less than 30 days after such petition is filed.

Capital Improvement and Capital Equipment Programs

The Mayor annually prepares five-year municipal capital improvement and capital equipment programs ("CIP/CEP"). The CIP/CEP are systematic programs of capital improvements to the Town's physical assets. The CIP/CEP are subject to approval of the Town Council annually.

Department	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Board of Education	\$ 6,952,500	\$11,485,350	\$ 8,863,600	\$ 4,865,550	\$ 2,754,800	\$ 34,921,800
General Government						
Town Facilities	1,632,000	2,558,363	2,010,500	1,275,000	1,350,000	8,825,863
Roads & Sewers	4,111,000	12,316,000	11,416,000	7,616,000	7,116,000	42,575,000
Public Works	958,567	1,970,785	1,493,785	983,785	933,785	6,340,707
Community Development						-
Public Safety	1,011,872	781,299	868,322	872,822	855,106	4,389,421
Parks & Recreation	250,000	150,000	150,000	150,000	150,000	850,000
Total General Government	7,963,439	17,776,447	15,938,607	10,897,607	10,404,891	62,980,991
Total Program Costs	\$14,915,939	\$29,261,797	\$24,802,207	\$15,763,157	\$13,159,691	\$ 97,902,791

Funding Sources	2016-17	2017-18	2018-19	2019-20	2020-21	Total
General Fund	\$ 1,240,939	\$ 1,416,238	\$ 1,321,611	\$ 1,276,611	\$ 1,287,891	\$ 6,543,290
General Obligation Bonds (General Fund)	12,427,500	26,141,713	22,264,600	13,270,550	10,684,800	84,789,163
General Obligation Bonds (Harbor Fund)	-	500,000	-	-	-	500,000
LOCIP Grants	478,500	391,000	391,000	391,000	391,000	2,042,500
Enterprise/Special Revenue Fund						-
EMS Fund	169,000	187,846	274,996	274,996	246,000	1,152,838
WPCA Fund	600,000	625,000	550,000	550,000	550,000	2,875,000
Total Funding Sources	\$14,915,939	\$29,261,797	\$24,802,207	\$15,763,157	\$13,159,691	\$ 97,902,791

Future Indebtedness

School Projects:

The Town is currently undertaking a major school improvement project: the 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. The total project cost was originally estimated to be \$56.1 million in a feasibility study performed in 2010. Subsequent modifications to expand the scope, the square footage and cost of the renovation project update the cost estimate and appropriation to \$126 million. To date, \$65 million has been authorized for bonding. The architect and the construction manager have been selected and the project is in progress. The ground breaking began in calendar 2016 with an anticipated completion date in calendar 2020, depending on the final configuration of the improvements. Based on the higher project cost, the Town anticipates receiving between \$40 million and \$60 million in state grants to offset the local share of the project.

Authorized but Unissued Debt

<u>Capital Bond Ordinances</u>	<u>Amended Authorization</u>	<u>Prior Debt Issued</u>	<u>Grants Received</u>	<u>The Notes</u>	<u>The Capital Project Bonds</u>	<u>Authorized but Unissued</u>
Second Hill Lane School	\$ 10,521,675	\$ 10,484,800	\$ -	\$ -	\$ -	\$ 36,875
Town Technology	2,002,521	2,000,700	-	-	-	1,821
Water Pollution Control Facility (1)	61,900,000	46,145,572	14,590,164	-	-	1,164,264
Pump Station Improvements	2,000,000	1,837,123	-	-	-	162,877
Sub-Total Miscellaneous Ordinances	76,424,196	60,468,195	14,590,164	-	-	1,365,837
FY 2005-06 Capital Bond Ordinance	6,606,000	6,605,000	-	-	-	1,000
FY 2006-07 Capital Bond Ordinance	6,254,000	6,099,000	-	-	-	155,000
FY 2007-08 Capital Bond Ordinance	11,687,000	11,586,000	-	-	-	101,000
FY 2009-10 Capital Bond Ordinance	12,060,700	12,060,000	-	-	-	700
FY 2010-11 Capital Bond Ordinance	135,918,746	9,750,000	1,700,190	25,000,000	-	99,468,556
FY 2011-12 Capital Bond Ordinance	9,113,800	8,961,186	-	-	-	152,614
FY 2012-13 Capital Bond Ordinance	16,711,935	10,994,726	932,457	-	791,971	3,992,781
FY 2013-14 Capital Bond Ordinance	13,101,324	12,349,379	-	-	686,379	65,566
FY 2014-15 Capital Bond Ordinance	12,407,000	11,901,397	-	-	390,000	115,603
FY 2015-16 Capital Bond Ordinance	12,039,150	-	-	-	11,064,150	975,000
FY 2016-17 Capital Bond Ordinance	12,427,500	-	-	-	12,327,500	100,000
Total All Projects	<u>\$324,751,351</u>	<u>\$150,774,883</u>	<u>\$17,222,811</u>	<u>\$25,000,000</u>	<u>\$ 25,260,000</u>	<u>\$106,493,657</u>

(1) Water Pollution Control Facility Upgrades were financed through the State of Connecticut Clean Water Fund Program (See "Clean Water Fund Program" herein). Although the Town pledged its full faith and credit as security on the loans, it is expected that the loans will be repaid from user fees.

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Combined Schedule of General and Enterprise Fund Debt through Maturity
As of January 4, 2017 (Pro Forma)

Fiscal Year	Existing Indebtness (1)			The Bonds	
	Principal Payments	Interest Payments	Total Debt Service (2)	Principal Payments	Principal All Issues
2017 (3)	\$ 23,221,330	\$ 12,657,331	\$ 35,878,661	\$ -	\$ 23,221,330
2018	24,041,462	12,006,438	36,047,900	-	24,041,462
2019	20,297,504	11,315,342	31,612,846	1,330,000	21,627,504
2020	19,749,476	10,640,155	30,389,631	1,330,000	21,079,476
2021	19,147,396	9,988,232	29,135,628	1,330,000	20,477,396
2022	18,911,283	9,306,507	28,217,790	1,330,000	20,241,283
2023	19,086,157	8,556,334	27,642,491	1,330,000	20,416,157
2024	18,827,038	7,808,541	26,635,579	1,330,000	20,157,038
2025	15,028,946	7,139,650	22,168,596	1,330,000	16,358,946
2026	14,651,901	6,534,300	21,186,201	1,330,000	15,981,901
2027	13,044,735	5,935,880	18,980,615	1,330,000	14,374,735
2028	13,028,602	5,368,888	18,397,490	1,330,000	14,358,602
2029	13,082,560	4,801,382	17,883,942	1,330,000	14,412,560
2030	11,387,945	4,241,028	15,628,973	1,330,000	12,717,945
2031	9,365,000	3,733,175	13,098,175	1,330,000	10,695,000
2032	9,365,000	3,243,925	12,608,925	1,330,000	10,695,000
2033	9,340,000	2,746,256	12,086,256	1,330,000	10,670,000
2034	8,290,000	2,263,600	10,553,600	1,330,000	9,620,000
2035	8,265,000	1,797,975	10,062,975	1,330,000	9,595,000
2036	6,510,000	1,363,500	7,873,500	1,330,000	7,840,000
2037	6,510,000	972,900	7,482,900	1,320,000	7,830,000
2038	6,510,000	582,300	7,092,300	-	6,510,000
2039	6,450,000	193,500	6,643,500	-	6,450,000
	<u>\$314,111,335</u>	<u>\$133,197,139</u>	<u>\$447,308,474</u>	<u>\$ 25,260,000</u>	<u>\$339,371,335</u>

(1) Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes \$6,948,713 in bonds issued to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$6,948,713 of outstanding bonds for the EPC but exclude \$572,490 of outstanding lease payments which are subject to annual appropriation.

(2) Totals may not sum due to rounding.

(3) Includes principal payments of \$21,845,080 and interest payments of \$6,706,463 made between July 1, 2016 and January 4, 2017.

Source: Annual audited financial statements.

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Schedule of General Fund Bonded Debt through Maturity
As of January 4, 2017 (Pro Forma)

Fiscal Year	Existing Indebtness ⁽¹⁾			The Bonds	
	Principal Payments	Interest Payments	Total Debt Service ⁽²⁾	Principal Payments	Principal All Issues
2017 ⁽³⁾	\$ 20,852,239	\$ 11,941,846	\$ 32,794,085	\$ -	\$ 20,852,239
2018	21,627,239	11,340,665	32,967,904	-	21,627,239
2019	17,795,239	10,701,758	28,496,997	1,330,000	19,125,239
2020	17,198,239	10,080,789	27,279,028	1,330,000	18,528,239
2021	16,556,239	9,483,702	26,039,941	1,330,000	17,886,239
2022	16,253,239	8,857,950	25,111,189	1,330,000	17,583,239
2023	16,376,239	8,165,337	24,541,576	1,330,000	17,706,239
2024	16,065,239	7,476,361	23,541,600	1,330,000	17,395,239
2025	12,256,239	6,865,718	19,121,957	1,330,000	13,586,239
2026	11,827,239	6,318,150	18,145,389	1,330,000	13,157,239
2027	10,330,239	5,776,641	16,106,880	1,330,000	11,660,239
2028	10,325,239	5,263,943	15,589,182	1,330,000	11,655,239
2029	10,325,239	4,751,370	15,076,609	1,330,000	11,655,239
2030	10,429,048	4,236,210	14,665,258	1,330,000	11,759,048
2031	9,365,000	3,733,175	13,098,175	1,330,000	10,695,000
2032	9,365,000	3,243,925	12,608,925	1,330,000	10,695,000
2033	9,340,000	2,746,256	12,086,256	1,330,000	10,670,000
2034	8,290,000	2,263,600	10,553,600	1,330,000	9,620,000
2035	8,265,000	1,797,975	10,062,975	1,330,000	9,595,000
2036	6,510,000	1,363,500	7,873,500	1,330,000	7,840,000
2037	6,510,000	972,900	7,482,900	1,320,000	7,830,000
2038	6,510,000	582,300	7,092,300	-	6,510,000
2039	6,450,000	193,500	6,643,500	-	6,450,000
	<u>\$278,822,151</u>	<u>\$128,157,571</u>	<u>\$406,979,722</u>	<u>\$ 25,260,000</u>	<u>\$304,082,151</u>

(1) Excludes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes \$6,948,713 in bonds issued to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$6,948,713 of outstanding bonds for the EPC but exclude \$572,490 of outstanding lease payments which are subject to annual appropriation.

(2) Totals may not sum due to rounding.

(3) Includes principal payments of \$20,614,619 and interest payments of \$6,342,241 made between July 1, 2016 and January 4, 2017.

Source: Annual audited financial statements.

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Schedule of WPCA and EMS Enterprise Fund Debt through Maturity
As of January 4, 2017 (Pro Forma)

Fiscal Year	Existing Indebtness (1)		
	Principal Payments	Interest Payments	Total Debt Service (2)
2017 (3)	\$ 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	2,591,157	504,530	3,095,687
2022	2,658,045	448,557	3,106,602
2023	2,709,919	390,997	3,100,916
2024	2,761,799	332,180	3,093,979
2025	2,772,707	273,932	3,046,639
2026	2,824,662	216,150	3,040,812
2027	2,714,496	159,239	2,873,735
2028	2,703,363	104,945	2,808,308
2029	2,757,321	50,012	2,807,333
2030	958,898	4,818	963,716
	<u>\$35,289,184</u>	<u>\$ 5,039,567</u>	<u>\$40,328,751</u>

(1) Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees.

(2) Totals may not sum due to rounding.

(3) Includes principal payments of \$1,230,461 and interest payments of \$364,222 made between July 1, 2016 and January 4, 2017.

Source: Annual audited financial statements.

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SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the Notes to Financial Statements, attached hereto as Appendix A.

Basis of Accounting

See Note 1 "Basis of Accounting" in the Notes to Financial Statements, attached hereto as Appendix A.

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town Charter, the Town is obligated to undergo an annual examination of its financial records by an independent certified public accountant. The current auditors, McGladrey LLP of New Haven, Connecticut were appointed by the Town Council in May 2014 and are required to conduct their examination under the guidelines issued by the State of Connecticut Office of Policy and Management, which receives a copy of said Audit Report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2015, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by the Town's prior independent auditor, McGladrey LLP of New Haven, Connecticut. The information contained in Appendix A is not the whole audit report. Individuals wishing a complete document should contact the Town's Director of Finance.

Certificate of Achievement for Excellence in Financial Reporting: The Town received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial report for fiscal year ending June 30, 2015. This was the 25th consecutive year that the Town has received this prestigious award. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with generally accepted accounting principles, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Budgetary Procedure

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided under the Town Council which is responsible for approving annual budgets and all other Town appropriations, and determining the tax rate. The annual budget making process for the Town is outlined in Section 6 of the Town Charter. The timetable is established annually but all actions must be completed at least 30 days prior to the beginning of each fiscal year based upon a budget submitted by the Mayor. The budget making process is detailed below:

<u>Date</u>	<u>Action</u>
By February 23	Departments, offices, boards and commissions submit estimates of revenues and expenditures to the Mayor. The Mayor reviews the budget requests together with estimates of revenues and expenditures for the current year with the requesting agency.
By March 12	Estimated revenues and expenditures, including the Board of Education, submitted to the Town Council by the Mayor.
By May 5	The Town Council holds one or more public hearings and makes any changes it believes are needed.
By May 12	The Ordinance Committee adopts a proposed budget and holds one or more public hearings.
By May 12	The Town Council adopts a recommended budget and sets the tax rate for the fiscal year beginning July 1.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the Act. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase to the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the Act and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills.

Emergency Appropriations

Under the Town Charter, emergency appropriations may be made upon the recommendation of the Mayor and by a vote of not less than two-thirds (2/3), or seven members, of the Town Council, provided that a public hearing is held prior to making such appropriation. The hearing and notice of hearing may be waived if the Town Council, by two-thirds (2/3) of its entire membership, decides that a delay in making the emergency appropriation would jeopardize the peace, health, safety or property of its citizens. In the absence of an available un-appropriated and unencumbered general fund cash balance to meet such appropriation, additional means of financing shall be provided in such a manner, consistent with the provisions of the Connecticut General Statutes, and of the Town Charter, as may be determined by the Town Council.

Employee Pension Systems

The Town is the administrator of a single-employer, defined benefit public employee retirement system ("PERS") which was established by the Town to provide pension benefits for its employees and non-certified employees of the Board of Education. The retirement plan is governed by a thirteen member board composed of seven members appointed by the Town Council and six members from the Town's various union groups (the "Pension Board"). The Town's Director of Finance is the Treasurer of the retirement plan. Effective July 1, 2012, the pension plan is closed to all new hires for all bargaining units. As of July 1, 2015, the date of the last actuarial valuation, there were 250 active members; 40 suspended, terminated vested or inactive members; and 634 retired, disabled, or beneficiaries of deceased members covered under this plan.

The certified teaching faculty and administrative personnel of the Board of Education participate in an employee contributory defined benefit plan administered by the Connecticut State Teachers' Retirement Board. The Town does not contribute to the plan nor does it have any legal obligation for benefit payments.

Prior to Fiscal Year 1994, the Town's pension funding policy was on a modified pay-as-you-go basis. On May 11, 1998 the Town Council enacted a pension funding bond ordinance (the "1998 Pension Bond Ordinance"). On August 13, 1998 the Town issued \$95,000,000 in Taxable General Obligation Pension Bonds (the "1998 Pension Bond Issue") that fully funded the Town's unfunded pension benefit obligation at that time. The 1998 Pension Bond Issue was issued by the Town in part pursuant to Title 7 of the Connecticut General Statutes, including Sections 7-374b and 7-403a. In 1999, Public Act 99-182 repealed and replaced Section 7-374b of the Connecticut General Statutes and implemented a new section regarding the issuance of municipal pension deficit bonds, and was later codified in Section 7-374c of the Connecticut General Statutes. Notwithstanding the foregoing, the Town's 1998 Pension Bond Issue was not affected by such repeal and is not subject to the requirements of Public Act 99-182, as codified in Section 7-374c of the Connecticut General Statutes.

Bond proceeds derived from the 1998 Pension Bond Issue were deposited into a Retiree Benefits Reserve Fund administered by the Trustee and Investment Advisor of the Town, and overseen by a committee consisting of the Town Manager, the Director of Finance, the Town Treasurer, the Chairman of the Finance Committee of the Town Council, and a designated minority member of the Town Council. Under the terms of the 1998 Pension Bond Ordinance, the Town was authorized to use excess assets from the Retiree Benefits Reserve Fund to pay debt service on the 1998 Pension Bond Issue or to reduce the Town's

current annual pension contribution for the succeeding fiscal year. In Fiscal Years 2000, 2001 and 2002, \$9,216,278, \$9,116,513 and \$9,111,838, respectively, of excess Retiree Benefits Reserve Fund assets were used to pay all or a part of the debt service payments on the 1998 Pension Bond Issue. Beginning in Fiscal Year 2002-03, the Town began to budget the debt service payments on the 1998 Pension Bond Issue from the General Fund, and has continued this practice uninterrupted into Fiscal Year 2013. The Town expects to pay all pension debt service from the General Fund in the future.

Under the terms of the 1998 Pension Bond Ordinance authorizing the 1998 Pension Bond Issue, the Town covenanted for the benefit of the holders of the 1998 Pension Bond Issue to appropriate in its annual budget, all of the annual contributions required under the retirement plan for each fiscal year and to fund any future unfunded actuarial accrued liability which may arise. For Fiscal Year 2003, the Town did not budget the required annual contribution from the General Fund, in order to balance Town operations. The Town had prior to Fiscal Year 2003 and has since budgeted such amounts through the tax levy (please see the table herein for actual contributions). Under the terms of the 1998 Pension Bond Ordinance, the Director of Finance is also required to submit, within 30 days of the close of each fiscal year, to the Mayor, the Pension Board and the Town Council an annual report concerning the condition of the Retiree Benefits Reserve Fund, the use of moneys therein to make payments to such fund to eliminate the unfunded actuarial accrued liability, and the amount of any remaining or new unfunded actuarial accrued liability.

The 1998 Pension Bond Ordinance was amended in Fiscal Year 2006 to eliminate the Town's ability to withdraw excess assets from the Retiree Benefits Reserve Fund to fund the debt service on the 1998 Pension Bond Issue. The 1998 Pension Bond Ordinance was again amended in Fiscal Year 2007 to allow the proceeds of the 1998 Pension Bond Issue to be transferred to the pension trust and invested in the same manner and at the same asset allocations as the pension trust assets. As a result of these amendments, the proceeds of the 1998 Pension Bond Issue were transferred to the pension trust in Fiscal Year 2007. These changes have had two important positive results. First, by lifting the 40% equity allocation restriction of the 1998 Pension Bond Ordinance, it is expected that the future investment returns are more likely to meet the actuarial assumption for return on investment. Second, the 1998 Pension Obligation Bond proceeds can now be treated as pension assets for the purposes of GASB 25 and GASB 27, since they now reside within the irrevocable trust, whereas they were previously required to be excluded.

In June 2011, the Town refinanced the 1998 Pension Bond Issue at a lower interest rate which resulted in budgetary savings in excess of \$1.1 million per year over the remaining seven years of the bonds. The final maturity of the 1998 Pension Bond Issue was not extended by the refinancing.

On October 29, 2013 the Town issued \$162,690,000 in Taxable General Obligation Pension Bonds (the "2013 Pension Bond Issue") to fund a portion of the unfunded actuarial accrued liability of its retirement plan thereby increasing the plan's funded ratio to approximately eighty-five percent (85%). The 2013 Pension Bond Issue was issued by the Town in part pursuant to Title 7 of the Connecticut General Statutes, including Sections 7-374c and 7-403a. In accordance with Section 7-347c, the Town is required to annually fund the Actuarially Recommended Contribution on the Unfunded Actuarially Accrued Liability.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town were as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 304,916,721	\$303,648,402
Plan fiduciary net position	<u>255,314,572</u>	<u>259,805,022</u>
Net pension liability	<u>\$ 49,602,149</u>	<u>\$ 43,843,380</u>
Plan fiduciary net position as a % of total pension liability	83.7%	85.6%

The following represents 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:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net Pension Liability	\$ 83,889,872	\$ 49,602,149	\$ 21,836,609

Historic Trend Data

**Schedule of Funding Progress
(Actuarial Value - In Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2015	\$ 255,001	\$ 305,935	\$ 50,934	83.4%	\$ 19,912	255.8%
July 1, 2014	251,796	303,004	51,208	83.1%	20,317	252.0%
July 1, 2013	250,105 ⁽¹⁾	300,776	50,671	83.2%	22,237	227.9%
July 1, 2012	108,730	292,885	184,155	37.1%	22,771	808.7%
July 1, 2011	114,143	259,719	145,576	43.9%	23,552	618.1%
July 1, 2010	116,886	238,530	121,644	49.0%	23,992	507.0%
July 1, 2009	123,652	232,659	109,007	53.1%	24,238	449.7%
July 1, 2008	132,753	225,549	92,796	58.9%	24,002	386.6%
July 1, 2007	136,090	208,935	72,845	65.1%	24,495	297.4%
July 1, 2006	11,053 ⁽²⁾	204,337	193,284	5.4%	24,882	776.8%

- (1) Includes proceeds of the Town's 2013 Pension Bond Issue. For the July 1, 2013 valuation, the actuarial value of assets was reset to equal the market value of assets. For subsequent valuations, the actuarial value of assets was determined by recognizing gains or losses in equal installments over a five year period.
- (2) Excludes proceeds of the Town's 1998 Pension Bond Issue. Starting with the July 1, 2007 valuation, the pension bond proceeds were included in the Actuarial Value of Assets.

Based upon the July 1, 2015 actuarial valuation, the market value of assets and actuarial accrued liabilities for the PERS were as follows:

**Schedule of Funding Progress
(Market Value - In Thousands) ⁽¹⁾**

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2015	\$255,315	\$ 305,935	\$ 50,620	83.5%	\$ 19,912	254.2%
July 1, 2014	259,805	303,004	43,199	85.7%	20,317	212.6%
July 1, 2013	250,105	300,776	50,671	83.2%	22,327	226.9%
July 1, 2012	87,184	292,885	205,701	29.8%	22,770	903.4%
July 1, 2011	96,656	259,719	163,063	37.2%	23,552	692.4%
July 1, 2010	83,823	238,530	154,707	35.1%	23,992	644.8%
July 1, 2009	82,322	232,659	150,337	35.4%	24,238	620.3%
July 1, 2008	110,944	225,549	114,605	49.2%	24,002	477.5%
July 1, 2007	125,651	208,935	83,284	60.1%	24,495	340.0%
July 1, 2006	117,617	204,337	86,720	57.6%	24,882	348.5%

- (1) Includes proceeds of the Town's 1998 Pension Bond Issue.

For valuation purposes, the Town's actuary calculates an Actuarial Value of Assets that smooths changes in market value over a five year period. The Town expects that its Actuarial Required Contribution will increase as a result of these market losses and intends to continue its policy of fully funding the Actuarial Determined Contribution ("ADC"). The following table represents the relationship between the Actuarial Value and Market Value of assets included in the Plan.

Actuarial Valuation Date	(Thousands)				
	Actuarial Value of Assets	Market Value of Assets	% of AVA to Market Value	Funded Ratio (Actuarial Value)	Funded Ratio (Market Value)
July 1, 2015	\$ 255,001	\$ 255,315	99.9%	83.4%	83.5%
July 1, 2014	251,796	259,805	96.9%	83.1%	85.7%
July 1, 2013	250,105 (1)	250,105	100.0%	83.2%	83.2%
July 1, 2012	108,730	87,184	124.7%	37.1%	29.8%
July 1, 2011	114,143	96,656	118.1%	43.9%	37.2%
July 1, 2010	116,886	83,823	139.4%	49.0%	35.1%
July 1, 2009	123,652	82,322	150.2%	53.1%	35.4%
July 1, 2008	132,753	110,944	119.7%	58.9%	49.2%
July 1, 2007	136,090	125,651	108.3%	65.1%	60.1%
July 1, 2006	11,053 (2)	117,617	9.4%	5.4%	57.6%

- (1) Includes proceeds of the Town's 2013 Pension Bond Issue. For the 7/1/13 valuation, the actuarial value of assets has been reset to equal the market value of assets. For future valuations, the actuarial value of assets will be determined by recognizing gains or losses in equal installments over a five year period.
- (2) Excludes proceeds of the Town's 1998 Pension Bond issue. Starting with the July 1, 2007 valuation, the pension bond proceeds were included in the Actuarial Value of Assets.

The following table represents recent funding trends for the Town's pension plans. Actual contributions include amounts from the General Fund, Water Pollution Control Authority Fund and Short Beach Golf Course Fund.

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2017 (1)	\$ 5,470,701	\$ 5,470,701	100.0 %
2016 (2)	5,212,079	5,393,200	103.5 %
2015	5,185,559	5,220,969	100.7 %
2014	12,720,477	162,209,000 (3)	1,275.2 %
2013	10,264,676	9,778,500	95.3 %

- (1) Adopted Budget.
(2) Unaudited estimate.
(3) Includes proceeds of the Town's 2013 Pension Bond Issue.

The following table represents a prospective forecast of the Plan's accrued liability and corresponding ARC based on the July 1, 2013 valuation and assumes (i) that the Town will pay the ARC each year; (ii) that assets will return 6.75% on a market value basis and (iii) that there are no future changes in the actuarial methods, assumption or plan provisions.

Fiscal Year Ending	Actuarial Required Contribution	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2018	\$ 5,562,000	\$ 257,407,000	\$ 307,665,000	\$ 50,258,000	83.7%
2019	5,663,000	259,853,000	309,162,000	49,309,000	84.1%
2020	5,738,000	262,089,000	310,382,000	48,293,000	84.4%
2021	5,954,000	262,175,000	311,289,000	49,114,000	84.2%
2022	6,095,000	263,572,000	311,874,000	48,302,000	84.5%
2023	6,306,000	265,067,000	312,277,000	47,210,000	84.9%
2024	6,329,000	266,500,000	312,342,000	45,842,000	85.3%
2025	6,430,000	267,898,000	312,163,000	44,265,000	85.8%
2026	6,525,000	269,216,000	311,555,000	42,339,000	86.4%
2027	6,642,000	270,450,000	310,668,000	40,218,000	87.1%

The Town is also the administrator of two defined contribution ("DC") retirement plans for employees. The first DC plan which was created for employees hired on or after their 45th birthday is now closed. The second DC plan was established for new employees hired after September 1999 for all bargaining units no longer eligible for the Town's Defined Benefit Pension Plan. The DC plans are administered by the Town's Human Resources Department. There are currently 163 members covered under the second DC plan. The following tables represent the Town's historic and projected contributions to the DC plans:

Schedule of Employer Contributions - Historic

<u>Fiscal Year</u>	<u>Town Contribution</u>
2017 (1)	\$ 1,150,000
2016 (2)	1,184,955
2015	1,127,291
2014	1,025,180
2013	910,802

- (1) Adopted Budget.
- (2) Unaudited estimate.

See Appendix A, "Audited Financial Statements", for additional information concerning the Town's retirement plans.

Other Post-Employment Benefits ("OPEB")

The Town provides certain health care and life insurance benefits, in accordance with union contracts, to all Town employees who retire. Certain employees of the Board of Education receive post-employment benefits depending upon their particular bargaining unit. The Town also pays benefits under the Heart and Hypertension Act to retirees whose disabilities are claimed to be job related. The Town has established an OPEB Trust Fund makes contributions to the fund annually. 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. For more information see Appendix A herein.

The Town has retained the firm Milliman Inc. to perform an actuarial valuation to determine the Town's liability for post-employment benefits. The most recent valuation was effective July 1, 2014 and the following reflects the assumptions and results of the actuarial report:

Schedule of Funding Progress

<u>Town</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
July 1, 2014	\$ 2,054,000	\$ 138,009,000 (1)	\$135,955,000	1.5%	\$26,923,000	505.0%
July 1, 2012	1,209,429	98,329,902 (2)	97,120,473	1.2%	N/A	N/A
July 1, 2010	630,000	67,290,000	66,660,000	0.9%	N/A	N/A
July 1, 2008	-	58,760,000	58,760,000	0.0%	N/A	N/A
July 1, 2007	-	55,487,000	55,487,000	0.0%	N/A	N/A

- (1) Assumes a 4.00% discount rate based on the Town's current funding policy
- (2) Assumes a 6.75% discount rate based on the establishment of an irrevocable trust.

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2014	\$ 1,338,000	\$ 101,818,000 (1)	\$100,480,000	1.3%	\$49,062,000	204.8%
July 1, 2012	862,158	56,342,736 (2)	55,480,578	1.5%	N/A	N/A
July 1, 2010	287,000	44,046,000	43,759,000	0.7%	N/A	N/A
July 1, 2008	-	63,155,000	63,155,000	0.0%	N/A	N/A
July 1, 2007	-	42,560,000	42,560,000	0.0%	N/A	N/A

- (1) Assumes a 4.00% discount rate based on the Town's current funding policy
- (2) Assumes a 6.75% discount rate based on the establishment of an irrevocable trust.

The Town has recently established an irrevocable trust for its OPEB plan assets with the long-term goal of amortizing its OPEB actuarial accrued liability. This figure is in addition to the amount that will be needed to pay current retirement claims. The following represents a trend of the Town's Employer Contributions for OPEB:

Schedule of Employer Contributions

<u>Town</u>			
Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2016 (1)	\$ 11,194,966 (2)	\$ 4,591,700	41.0%
2015	12,565,600	4,862,400	38.7%
2014	8,202,800	4,447,400	54.2%
2013	6,965,000	3,927,300	56.4%
2012	6,511,300	3,516,400	54.0%

<u>Board of Education</u>			
Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2016 (1)	\$ 8,234,657 (2)	\$ 3,547,500	43.1%
2015	7,916,600	2,772,900	35.0%
2014	5,127,200	2,629,500	51.3%
2013	4,678,400	3,084,700	65.9%
2012	4,390,000	3,002,000	68.4%
2011	5,749,000	2,074,200	36.1%

- (1) Adopted Budget.
- (2) Unaudited estimate.

Investment Policies and Practices

Under the Town Charter and under Connecticut General Statutes Section 7-400, as amended, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town policy for eligible investments is governed by State of Connecticut General Statutes Section 7-400, 7-401 and 7-402 which, in general, allow the Town to invest in obligations of the United States of America or United States government

sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end money market mutual funds whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Town's investment practices have been to invest in certificates of deposit, repurchase agreements, and the State of Connecticut Short-Term Investment Fund (STIF). The Town's operating funds and capital funds are currently invested in the following short-term investments: (1) overnight repurchase agreement with People's United Bank and Flexible (90 to 1 Year) Certificates of Deposits.

All Town pension funds are invested in mutual funds and securities by pension fund administrators. The Town's Pension Board updated its investment policy in anticipation of the proceeds from the issuance of the Town's 2013 Pension Bonds and continues to review and update the policy as necessary. Board of Education pension funds for administrators and teachers are invested in a cost sharing, multiple employer public employees retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities. For further description of the Town's Pension Plans, see Note 9 to the Town's audited financial statements in Appendix A hereof.

Assessment Practices

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town on October 1, in accordance with Section 12-62a of the Connecticut General Statutes. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70% of the estimated market value at the time of the last revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. Upon issuance of a certificate of completion, a physical appraisal is then completed and the structure classified and priced with the aid of a schedule developed at the time of the last revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Office of Policy and Management.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles and leased equipment) is assessed annually with manufacturers and businesses completing and returning to the Assessor's Office standard worksheets for computing value. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70% of present market value.

The Town is currently conducting a town wide revaluation effective for the October 1, 2014 grand list which will be effective for fiscal year 2015-16. The Town previously performed a full physical revaluation in 2009 which was effective for fiscal year 2010-11. Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation of its real property every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than 10 years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

Tax Collection Procedures

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent and interest will accrue at the rate of 1.5% per month (18% per annum). Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

Motor Vehicle Property Tax Rate

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 37.00 mills.

Property Tax Levies and Collections

FY Ending 30-Jun	Net Taxable Grand List	Total Tax Rate (In Mills)	Adjusted Tax Levy	Collected	Uncollected Taxes	
				End of Each FY	Each FY	As of 6/30/2016 (1)
2017	\$4,478,990,696	38.99 (2)	\$173,676,212	In process	In process	In process
2016 (3,4)	4,442,837,825	36.98	164,272,933	97.6 %	\$4,029,648	\$4,029,648
2015	4,558,230,784	35.63	162,727,443	97.4	4,167,744	1,961,238
2014	4,531,453,688	34.64	156,748,314	97.5	3,988,230	1,095,990
2013	4,525,015,543	34.48	155,886,467	97.7	3,533,685	298,825
2012	4,515,905,062	34.15	152,921,577	98.4	2,694,128	266,911
2011 (4)	4,568,144,270	33.32	150,248,842	97.7	3,450,663	159,205
2010	4,626,511,926	30.36	136,188,252	97.9	2,988,191	66,379
2009	4,569,672,962	30.51	137,961,016	98.2	2,466,479	17,874
2008	4,527,727,549	30.12	134,121,083	98.2	2,060,481	68,672

(1) Unaudited estimate.

(2) The fiscal year 2016-17 mill rate for real property was 38.99 mills. Per Public Acts 15-244 and 16-3 of the Connecticut General Assembly, the mill rate for motor vehicles was capped at 37.00 mills (see "Motor Vehicle Property Tax Rate" herein).

(3) Unaudited estimate.

(4) Year of revaluation.

Sources: Annual audited financial statements; Fiscal Year 2016 unaudited estimate; and Fiscal Year 2016-17 Adopted Budget.

Taxable Grand List

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/1/15	\$3,898,764,670	\$471,695,576	\$336,333,270	\$4,706,793,516	\$227,802,820	\$4,478,990,696
10/1/14 (1)	3,887,289,900	469,248,532	329,035,740	4,685,574,172	242,736,347	4,442,837,825
10/1/13	4,006,234,819	470,025,485	322,740,590	4,799,000,894	240,770,110	4,558,230,784
10/1/12	3,996,499,730	459,170,270	314,680,673	4,770,350,673	238,896,985	4,531,453,688
10/1/11	3,991,890,875	453,255,181	320,711,877	4,765,857,933	240,842,390	4,525,015,543
10/1/10	3,995,478,620	443,205,917	301,629,984	4,740,314,521	224,409,459	4,515,905,062
10/1/09 (1)	4,028,762,000	442,020,855	291,330,813	4,762,113,668	193,969,398	4,568,144,270
10/1/08	4,108,955,580	387,991,918	292,972,012	4,789,919,510	163,407,584	4,626,511,926
10/1/07	4,072,764,410	324,756,097	304,304,344	4,701,824,851	132,151,889	4,569,672,962
10/1/06	4,041,012,750	296,791,402	294,589,563	4,632,393,715	104,666,166	4,527,727,549

(1) Year of revaluation.

The following table sets forth the Real Property portion of the Town's grand list by component:

Grand List Dated	Residential Property	Commercial/Industrial Property	Total Other Land	Total Real Property
10/1/15	\$2,978,886,120	\$852,056,190	\$ 67,822,360	\$3,898,764,670
10/1/14 (1)	2,971,201,570	844,890,450	71,197,880	3,887,289,900
10/1/13	3,166,610,661	770,298,898	69,325,260	4,006,234,819
10/1/12	3,159,542,640	768,877,270	68,079,820	3,996,499,730
10/1/11	3,149,529,830	777,220,780	65,140,265	3,991,890,875
10/1/10	3,140,283,790	785,770,200	69,424,630	3,995,478,620
10/1/09 (1)	3,132,518,520	823,999,140	72,244,340	4,028,762,000
10/1/08	3,366,615,870	687,649,290	54,690,420	4,108,955,580
10/1/07	3,346,272,230	669,689,260	56,802,920	4,072,764,410
10/1/06	3,323,222,300	650,204,740	67,585,710	4,041,012,750

(1) Year of revaluation.

Source: Town of Stratford Assessor's Office.

Largest Taxpayers

<u>Business-Name</u>	<u>Nature of Business</u>	<u>Total Estimated Assessment</u>	<u>Rank</u>	<u>Percent of Total</u>
Sikorsky Aircraft	Helicopter Manufacturer	\$ 96,676,470	1	2.16%
United Illuminating Co.	Utility	84,519,620	2	1.89%
Southern Connecticut Gas	Utility	22,900,110	3	0.51%
Second Avenue Development	Real Estate	21,192,150	4	0.47%
Stonybrook Gardens COOP Inc	Apartment Co-op	19,099,710	5	0.43%
UB Dockside LLC	Real Estate	16,827,737	6	0.38%
Avalon At Stratford LLC	Apartment	16,277,170	7	0.36%
Kramont Operating Partnership LP	Real Estate	15,102,216	8	0.34%
UB Railside LLC	Real Estate	13,724,270	9	0.31%
Ashcroft Inc	Real Estate	13,469,370	10	0.30%
	Total	<u>\$ 319,788,823</u> (1)		<u>7.15%</u>

(1) Represents 7.1% of the net taxable grand list of \$4,478,990,696 as of 10/1/15.

Source: Town of Stratford Assessor's Office.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax Revenues as a % General Fund Revenues</u>
2017 (1)	\$ 215,344,250	\$ 173,628,005	80.6%
2016 (2)	206,789,482	164,861,248	79.7%
2015	212,990,275	163,762,613	76.9%
2014	206,367,490	157,303,762	76.2%
2013	204,674,279	154,052,416	75.3%
2012	197,726,616	152,926,235	77.3%
2011	189,575,934	150,267,375	79.3%
2010	179,289,910	140,803,581	78.5%
2009	182,651,151	139,314,290	76.3%
2008 (3)	206,777,211	135,666,547	65.6%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

(2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

(3) Includes \$33,443,791 on-behalf of payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were significantly larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Sources: Annual audited financial statements; Fiscal Year 2016 unaudited estimate; and Fiscal Year 2016-17 Adopted Budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal and State Aid</u>	<u>Aid as a Percentage Of General Fund Revenue</u>
2017 (1)	\$ 215,344,250	\$ 31,289,287	14.5%
2016 (2)	206,789,482	29,549,945	14.3%
2015	212,990,275	41,075,498	19.3%
2014	206,367,490	40,821,397	19.8%
2013	204,674,279	42,309,903	20.7%
2012	197,726,616	36,862,714	18.6%
2011	189,575,934	32,147,909	17.0%
2010	179,289,910	32,138,236	17.9%
2009	182,651,151	35,293,644	19.3%
2008 (3)	206,777,211	62,597,178	30.3%

- (1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (2) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (3) Includes \$33,443,791 on-behalf of payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were significantly larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Sources: Annual audited financial statements; Fiscal Year 2016 unaudited estimate; and Fiscal Year 2016-17 Adopted Budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>Public Safety</u>	<u>Employee Benefits</u>	<u>Debt Service (1)</u>	<u>Physical Development</u>
2017 (2)	49.6 %	11.2 %	9.3 %	15.2 %	5.7 %
2016 (3)	48.6	11.5	9.5	15.0	5.7
2015	50.8	11.0	9.9	14.3	5.9
2014	29.6	6.5	49.7 (4)	6.2	3.6
2013	50.8	11.4	13.2	9.3	7.4
2012	52.8	11.5	13.4	8.9	5.9
2011	49.1	11.7	13.9	11.1	6.4
2010	51.6	11.8	11.7	10.8	6.5
2009	50.1	11.7	10.9	10.9	7.1
2008	56.6 (5)	10.7	9.1	10.8	6.2

- (1) Includes debt service for the Town's 2011 and 2013 pension bond issues. For budgetary purposes, pension bond debt service is included under Employee Benefits.
- (2) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (3) Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.
- (4) Includes proceeds of Town's 2013 Pension Bond issue.
- (5) Includes \$33,443,791 on-behalf of payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were significantly larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Sources: Annual audited financial statements; Fiscal Year 2016 unaudited estimate; and Fiscal Year 2016-17 Adopted Budget.

Comparative General Fund Operating Statement – FY 2014-15
 Budget and Actual (Budgetary Basis)

	Fiscal Year 2014-15		
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)
REVENUES			
Property taxes, interest and liens	\$162,189,396	\$163,895,301	\$ 1,705,905
Intergovernmental revenue	29,190,764	28,457,458	(733,306)
Departmental revenues	2,424,660	2,945,714	521,054
Licenses, fees and permits	589,200	711,818	122,618
Investment Income	60,000	84,978	24,978
Other revenues	<u>8,947,055</u>	<u>3,909,677</u>	<u>(5,037,378)</u>
TOTAL REVENUES	<u>\$203,401,075</u>	<u>200,004,946</u>	<u>(3,396,129)</u>
EXPENDITURES			
Current:			
Administration	\$ 4,995,863	5,222,232	(226,369)
Contingency	5,468,080	5,137,971	330,109
Employee Benefits (1)	41,607,298	43,778,099	(2,170,801)
Finance	1,728,830	1,658,065	70,765
Human Development	5,852,118	5,790,097	62,021
Physical Development	12,563,233	12,222,522	340,711
Public Safety	22,385,127	23,331,272	(946,145)
Education	97,952,758	97,952,758	-
Debt Service	<u>11,677,768</u>	<u>10,442,944</u>	<u>1,234,824</u>
TOTAL EXPENDITURES	<u>204,231,075</u>	<u>205,535,960</u>	<u>(1,304,885)</u>
Excess (deficiency) of revenues over expenditures	<u>(830,000)</u>	<u>(5,531,014)</u>	<u>(4,701,014)</u>
Other financing sources (uses):			
Operating transfers in	830,000	3,330,040	2,500,040
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other financing sources (uses)	830,000	3,330,040	2,500,040
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,200,974)</u>	<u>\$ (2,200,974)</u>

(1) Includes debt service for the Town's 2011 and 2013 Pension Bond issues.

Sources: Audited financial statements.

Comparative General Fund Operating Statement – FY 2015-16 and FY 2016-17
 Budget and Actual (Budgetary Basis)

	Fiscal Year 2015-16 (Unaudited Estimate) (1)			Fiscal Year 2016-17
	Revised Budget	Unaudited Estimate	Variance Favorable (Unfavorable)	Adopted Budget
REVENUES				
Property taxes, interest and liens	\$163,797,543	\$164,861,248	\$ 1,063,705	\$173,628,005
Intergovernmental revenue	28,722,246	29,549,945	827,699	31,289,287
Departmental revenues	2,188,250	2,383,700	195,450	2,535,060
Licenses, fees and permits	713,200	969,370	256,170	883,700
Investment Income	80,000	72,654	(7,346)	84,000
Other revenues	4,523,055	4,054,180	(468,875)	4,830,918
TOTAL REVENUES	\$200,024,294	201,891,097	1,866,803	213,250,970
EXPENDITURES				
Current:				
Administration	\$ 5,023,758	5,076,087	(52,329)	\$ 4,798,915
Contingency	5,746,751	5,863,818	(117,067)	5,583,336
Employee Benefits (2)	40,037,897	40,996,805	(958,908)	41,934,453
Finance	1,716,962	1,654,097	62,865	1,811,701
Human Development	5,779,199	5,650,279	128,920	5,963,303
Physical Development	12,353,336	11,788,599	564,737	12,206,932
Public Safety	22,407,008	23,709,466	(1,302,458)	24,030,679
Education	99,995,002	99,995,002	-	106,795,002
Debt Service	9,466,892	9,421,468	45,424	10,978,990
TOTAL EXPENDITURES	202,526,805	204,155,622	(1,628,817)	214,103,311
Excess (deficiency) of revenues over expenditures	(2,502,511)	(2,264,525)	237,986	(852,341)
Other financing sources (uses):				
Operating transfers in	4,077,546	3,257,546	(820,000)	2,093,280
Operating transfers out	(1,575,035)	(1,575,035)	-	(1,240,939)
Total Other financing sources (uses)	2,502,511	1,682,511	(820,000)	852,341
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (582,014)	\$ (582,014)	\$ -

(1) Pursuant to state law, the Town must file its Fiscal Year 2015-16 audited financial statements with the Secretary of the Office of Policy and Management by December 31, 2016 and the Town will file such financial statements on EMMA as soon they available.

(2) Includes debt service for the Town’s 2011 and 2013 Pension Bond issues.

Sources: Fiscal Year 2016 unaudited estimate and Fiscal Year 2016-17 Adopted Budget.

Comparative Balance Sheets - General Fund

Fiscal Year Ended:	2011	2012	2013	2014	2015
ASSETS					
Cash and cash equivalents	\$ 16,917,401	\$ 3,726,393	\$ 10,796,220	\$ 32,934,347	\$ 44,971,848
Investments	-	-	-	-	-
Receivables, net	8,810,656	7,822,638	12,504,484	13,799,343	13,525,385
Inventories and prepaids	-	-	-	87,300	11,962
Advances to other funds	-	-	-	582,512	757,697
Due from other funds	27,984,816	44,941,165	49,117,690	7,695,085	21,425,409
TOTAL ASSETS	\$ 53,712,873	\$ 56,490,196	\$ 72,418,394	\$ 55,098,587	\$ 80,692,301
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,140,704	\$ 3,639,950	\$ 5,053,364	\$ 2,051,064	\$ 2,047,971
Accrued Liabilities	1,345,807	904,171	829,957	1,121,068	1,565,929
Deferred revenue	7,410,629	5,816,019	7,366,745	-	-
Due to other funds	31,232,370	35,055,614	48,004,793	28,706,923	55,937,060
TOTAL LIABILITIES	45,129,510	45,415,754	61,254,859	31,879,055	59,550,960
DEFERRED INFLOWS OF RESOURCES					
Unavailable resources	-	-	-	12,693,504	12,123,910
Advance property tax collections	-	-	-	122,570	20,294
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	12,816,074	12,144,204
FUND BALANCES					
Reserved for encumbrances	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	669,812	769,659
Restricted	-	-	-	115,669	115,669
Committed	-	-	-	-	-
Assigned	2,322,228	2,284,297	1,666,093	612,143	126,991
Unassigned	6,261,135	8,790,145	9,497,442	9,005,834	7,984,818
TOTAL FUND BALANCES	8,583,363	11,074,442	11,163,535	10,403,458	8,997,137
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 53,712,873	\$ 56,490,196	\$ 72,418,394	\$ 55,098,587	\$ 80,692,301

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Year Ended:	2011	2012	2013	2014	2015
REVENUES					
Property taxes	\$150,267,375	\$152,926,235	\$154,052,416	\$157,303,762	\$163,762,613
State and Federal Governments	32,147,909	36,862,714	42,309,903	40,821,397	41,072,498
Charges for services	2,066,057	2,027,336	2,004,540	2,379,774	2,526,354
Liscenses and permits	522,586	407,444	564,713	656,852	649,630
Investment income	100,836	62,277	41,670	80,194	84,978
Other revenues	4,471,171	5,440,610	5,701,037	5,125,511	4,894,202
TOTAL REVENUES	\$189,575,934	\$197,726,616	\$204,674,279	\$206,367,490	\$212,990,275
EXPENDITURES					
Current:					
Administration	4,354,362	4,421,296	4,115,048	4,247,382	4,821,101
Contingency	2,087,029	3,030,673	2,853,457	4,203,330	4,012,737
Employee Benefits	25,323,646	26,010,356	27,030,003	181,535,096 ⁽¹⁾	21,433,213
Finance	2,014,718	2,114,586	1,956,164	2,219,124	2,075,502
Human Development	5,146,881	5,078,378	5,273,579	5,397,413	5,592,155
Physical Development	11,893,243	11,505,682	15,133,934	13,067,111	12,872,531
Public Safety	22,328,523	22,438,879	23,518,203	23,689,623	23,844,105
Education	96,787,391	102,808,638	104,421,589	108,317,705	110,427,752
Debt service ⁽²⁾	19,348,995	17,297,140	19,102,989	22,483,674	30,996,063
Capital outlay	-	-	2,097,164	253,209	1,262,726
TOTAL EXPENDITURES	189,284,788	194,705,628	205,502,130	365,413,667	217,337,885
Excess (deficiency) of revenues over expenditures	291,146	3,020,988	(827,851)	(159,046,177)	(4,347,610)
Other financing sources (uses):					
Proceeds from issuance of bonds	-	-	-	162,690,000	-
Proceeds from bond refunding	65,572,343	18,062,000	-	16,418,000	-
Premium on bond refunding	935,117	1,423,580	-	1,904,535	-
Payment to bond escrow agent	(66,087,648)	(19,324,375)	-	(18,138,960)	-
Procceds from capital lease	-	-	2,097,164	253,209	1,262,726
Operating transfers in	822,635	700,000	700,000	830,000	3,330,040
Operating transfers (out)	(1,579,768)	(1,391,114)	(1,880,220)	(5,670,684)	(1,651,477)
Total other financing sources (uses)	<u>(337,321)</u>	<u>(529,909)</u>	<u>916,944</u>	<u>158,286,100</u>	<u>2,941,289</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(46,175)	2,491,079	89,093	(760,077)	(1,406,321)
Fund Balance - July 1	8,629,538 ⁽³⁾	8,583,363	11,074,442	11,163,535	10,403,458
Fund Balance - June 30	<u>\$ 8,583,363</u>	<u>\$ 11,074,442</u>	<u>\$ 11,163,535</u>	<u>\$ 10,403,458</u>	<u>\$ 8,997,137</u>

(1) Includes proceeds of the Town's 2013 Pension Bond issue.

(2) Includes debt service on the Town's 2011 and 2013 Pension Bond issues. For budgetary purposes, the pension bond debt service is included under Employee Benefits.

(3) Restated.

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town, its officers, employees, boards and commissions are defendants in various lawsuits. In September 2016, the Town did receive an adverse jury verdict awarding \$2.5 million in damages to a former employee in a discrimination case. The verdict is under appeal and the Town's insurance carrier has been notified. The Town Attorney is of the opinion that all pending litigation, including the above-referenced discrimination case, will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Availability of Continuing Disclosure Information

In accordance with State law, the Town provides or causes to be provided annual audited financial statements and operating statements and files such annual audits with the State of Connecticut Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide 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.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events with respect to the Bonds and the Notes not later than ten (10) business days after such occurrence and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Underwriters' obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements for the Bonds and the Notes.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of certain events pursuant to Rule 15c2-12(b)(5). Over the last five years, the Town has complied in all material respects with its undertakings under such agreements, except for the inadvertent failure to file a Material Event Notice for a rating change on the Town's 2008 issue resulting from the November 12, 2009 downgrade to Assured Guaranty Corp., the bond insurer on that issue. When it was brought to the Town's attention in August 2013 that it had failed to file a Material Event Notice for the November 2009 rating change, the Town promptly filed a notice on August 21, 2013. Prior to that, the Town had filed Material Event Notices for rating changes on the 2008 issue on May 13, 2010; November 2, 2010; June 1, 2011; and December 9, 2011.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC, of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds and the Notes. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor does it assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities.

Documents Accompanying Delivery of the Bonds and the Notes

Upon delivery of the Bonds and the Notes, the Underwriters will be furnished the following:

1. A Signature and No Litigation certificate stating that at the time of delivery no litigation is pending or threatened effecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay debt service on the Bonds and the Notes;
2. Certificates on behalf of the Town, signed by the Mayor and the Acting Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that at the time of the execution of the Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement therein, in the light of the circumstances

- under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. Receipts for the purchase prices of the Bonds and the Notes;
 4. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford in substantially the forms of Appendices B and C, attached hereto;
 5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the form of Appendices D and E, respectively, attached hereto; and
 6. Any other documents required by the Purchase Agreement.

The Town has prepared an Official Statement for the Bonds and the Notes which is dated December 8, 2016. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will make available to the Underwriters a reasonable number of copies of the Official Statement within seven business days of the signing of the Purchase Agreement. Additional copies may be obtained by the Underwriters at their own expense by arrangement with the printer.

Additional Information

Additional information may be obtained upon request from the Director of Finance at (203) 385-4040 or from Independent Bond and Investment Consultants LLC at (203) 245-9603.

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the Town and may not be reproduced or used in whole or part for any other purpose. This Official Statement has been duly authorized and approved by the Town and duly executed and delivered on its behalf by the Town.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds and the Notes.

TOWN OF STRATFORD, CONNECTICUT

BY: /s/ JOHN A. HARKINS
JOHN A. HARKINS
Mayor

BY: /s/ CHRISTOPHER W. TYMNIAK
CHRISTOPHER W. TYMNIAK
Acting Director of Finance

Dated: December 8, 2016

**APPENDIX A
AUDITED FINANCIAL STATEMENTS**

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Stratford for the Fiscal Year ending June 30, 2015 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Stratford, Connecticut.



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):

Category	Debt Limit	Net Indebtedness	Balance
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.

Year Ending June 30:	Amount
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:

Year Ending June 30:	Amount
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.

APPENDIX B
FORM OF LEGAL OPINION OF BOND COUNSEL – THE BONDS

TOWN OF STRATFORD, CONNECTICUT
\$25,260,000 GENERAL OBLIGATION BONDS, ISSUE OF 2017

January __, 2017

Town of Stratford
Stratford Town Hall
2725 Main Street
Stratford, Connecticut 06615

We have acted as Bond Counsel to the Town of Stratford, Connecticut (the “Town”) in connection with the issuance by the Town of its \$25,260,000 General Obligation Bonds, Issue of 2017, dated January 4, 2017 (the “Bonds”). In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated January 4, 2017 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated December 8, 2016 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C
FORM OF LEGAL OPINION OF BOND COUNSEL - THE NOTES

TOWN OF STRATFORD, CONNECTICUT
\$25,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

January __, 2017

Town of Stratford
Stratford Town Hall
2725 Main Street
Stratford, Connecticut 06615

We have acted as Bond Counsel to the Town of Stratford, Connecticut (the "Town") in connection with the issuance by the Town of its \$25,000,000 General Obligation Bond Anticipation Notes, dated January 4, 2017 (the "Notes"). In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Compliance Agreement of the Town dated January 4, 2017 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated December 8, 2016 and other offering material relating to the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE BONDS
BY THE TOWN OF STRATFORD, CONNECTICUT

In Connection With The Issuance and Sale of
\$25,260,000 Town of Stratford, Connecticut
General Obligation Bonds, Issue of 2017

This Continuing Disclosure Agreement (“Agreement”) is made as of January 4, 2017, by the Town of Stratford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$25,260,000 General Obligation Bonds, Issue of 2017, dated January 4, 2017 (the “Bonds”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated December 8, 2016 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;

- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) *The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:*

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or **the change in the name of the trustee.**

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Stratford Town Hall, 2725 Main Street, Stratford, Connecticut 06615. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF STRATFORD, CONNECTICUT

By: _____
John A. Harkins, Mayor

By: _____
Christopher Tymniak, Acting Director of Finance

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE NOTES
BY THE TOWN OF STRATFORD, CONNECTICUT

In Connection With The Issuance and Sale of
\$25,000,000 Town of Stratford, Connecticut
General Obligation Bond Anticipation Notes

This Continuing Disclosure Agreement (“Agreement”) is made as of January 4, 2017, by the Town of Stratford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$25,000,000 General Obligation Bond Anticipation Notes, dated January 4, 2017 (the “Notes”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated December 8, 2016 prepared in connection with the issuance of the Notes.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Note defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Note holders;
- (iii) Note calls;
- (iv) release, substitution, or sale of property securing repayment of the Notes;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 3. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Stratford Town Hall, 2725 Main Street, Stratford, Connecticut 06615. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF STRATFORD, CONNECTICUT

By: _____
John A. Harkins, Mayor

By: _____
Christopher Tymniak, Acting Director of Finance

**APPENDIX F
SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)