



February 23, 2022

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: TOWN OF STRATFORD, CONNECTICUT
\$12,245,000 General Obligation Bond Anticipation Notes, Issue of 2022
Dated: March 15, 2022 Due: May 17, 2022**

Per the official Notice of Sale. Proposals may be submitted by telephone to:

| | |
|------------|--|
| Name: | William N. Lindsay, Munistat Services, Inc., as representative of the Town of Stratford |
| Date: | Wednesday, March 2, 2022 |
| Time: | Until 11:00 A.M. (Eastern Time) |
| Telephone: | (203) 421-2880 (203) 421-2087 |

Telephone proposals and Electronic Bids via *PARITY*® for the Notes will be received until 11:00 A.M. (Eastern Time) on Wednesday, March 2, 2022 as described in the Notice of Sale.

An Official Statement has not been prepared by or on behalf of the Issuer for this sale. This issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission.

The audited “Basic Financial Statements” of the Town of Stratford, Connecticut, (the “Town”) as of June 30, 2020 are included in this package as Appendix A. A complete copy of the Audited Financial Statements is available upon request.

The Town has retained Munistat Services, Inc. (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

TOWN OF STRATFORD, CONNECTICUT

\$12,245,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2022

DATED: MARCH 15, 2022

DUE: MAY 17, 2022

SALE DATE AND TIME: WEDNESDAY, MARCH 2, 2022 until 11:00 A.M. (E.T.)

THIS IS NOT AN OFFICIAL STATEMENT

INFORMATION REGARDING ISSUE AND THE TOWN

AUDITED FINANCIAL STATEMENTS

FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS

NOTICE OF SALE AND PROPOSAL FOR NOTES

FEBRUARY 23, 2022

TERM SHEET

Town of Stratford, Connecticut Tax-Exempt General Obligation Bond Anticipation Notes, Issue of 2022, dated March 15, 2022

| | |
|-------------------------------|--|
| Date of Sale: | <u>Wednesday, March 2, 2022, 11:00 A.M. (Eastern Time).</u> |
| Location of Sale: | Proposals may be submitted by telephone to Mr. William Lindsay, Munistat Services, Inc., Representative of Town of Stratford at 203-421-2880 or 203-421-2087 or by electronic bid via <i>PARITY</i> ®. |
| Issuer: | Town of Stratford, Connecticut (the “Town”). |
| Issue: | \$12,245,000 General Obligation Bond Anticipation Notes (the “Notes”). |
| Dated Date: | March 15, 2022. |
| Interest Due: | At maturity, May 17, 2022. |
| Principal Due: | At maturity, May 17, 2022. |
| Purpose: | Proceeds of the Notes will be used to retire \$12,245,000 in Bond Anticipation Notes maturing on March 15, 2022. The funds from the maturing notes were used to fund various capital projects of the Town. |
| Redemption: | The Notes are not subject to redemption prior to maturity. |
| Security: | The Notes will be general obligations of the Town of Stratford, Connecticut. See “Notice of Sale” herein. |
| Credit Rating: | No application has been made for a rating on the Notes. Currently the Town has credit ratings of “A2” from Moody’s Investors Service, Inc. (“Moody’s”) and “AA-” from S&P Global Ratings (“S&P”) on its outstanding bonds. |
| Basis of Award: | Lowest Net Interest Cost (NIC), as of dated date. |
| Tax Exemption: | Tax Exempt. See attached “Form of Opinion of Bond Counsel and Tax Matters”. |
| Interest Calculation: | Interest will be calculated on the basis of twelve 30-day months and a 360-day year. |
| Continuing Disclosure: | The undertaking to provide continuing disclosure under SEC rule 15c2-12 does not apply to this issue of Notes. Therefore, the Town will not enter into a Continuing Disclosure Agreement with respect to the Notes. |
| Bank Qualification: | The Notes shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes. |

Minimum Denomination: \$100,000 or multiples of \$1,000 in excess thereof. The Note will be issued in reliance on an exemption from the provision of Rule 15c2-12 of the Securities and Exchange Commission.

Registrar, Certifying Agent and Paying Agent: U.S. Bank Trust Company, National Association, Global Corporate Trust, City Place I, 185 Asylum Street, 27th Floor, Hartford, Connecticut, 06103 (unless the winning purchaser is designated). See “Notice of Sale” herein.

Legal Opinion: Pullman & Comley, LLC, Hartford, Connecticut will act as Bond Counsel.

Delivery and Payment: It is expected that delivery of the Notes in book-entry form will be made to the depository Trust Company (unless the successful purchaser has requested no book entry as described in the “Notice of Sale”, then it is expected that delivery of the Notes will be made to the purchaser) on or about March 15, 2022 against payment in **Federal Funds**.

Issuer Official: Questions concerning the Town and this issue of Notes should be directed to Dawn N. Savo, Director of Finance, Town of Stratford, 2725 Main Street, Stratford, Connecticut, 06615. Telephone: (203) 385-4040.

Municipal Advisor: Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William N. Lindsay, Managing Director, Telephone: 203-421-2880.

INFORMATION REGARDING ISSUE AND THE TOWN

Authorization and Purpose

| <u>Project</u> | <u>Authorization</u> | <u>BANs Maturing 3/15/2022</u> | <u>Additions/ Reductions</u> | <u>The Notes (This Issue)</u> |
|---|----------------------|--|----------------------------------|-----------------------------------|
| Stratford High School Improvements..... | \$ 65,000,000 | \$ 7,000,000 | \$ - | \$ 7,000,000 |
| Fiscal Year 2017-18 Capital Equipment Plan..... | 1,380,000 | 628,000 | - | 628,000 |
| Fiscal Year 2018-19 Capital Equipment Plan..... | 1,795,700 | 816,000 | - | 816,000 |
| Fiscal Year 2019-20 Capital Equipment Plan..... | 3,004,996 | 1,886,000 | - | 1,886,000 |
| Fiscal Year 2020-21 Capital Equipment Plan..... | 2,490,000 | 1,915,000 | - | 1,915,000 |
| Total..... | <u>\$ 73,670,696</u> | <u>\$12,245,000</u> | <u>\$ -</u> | <u>\$ 12,245,000</u> |

General Description

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 6,800 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. The Mayor and the Town Council were all recently elected in November 2021.

Town Officials

| <u>Name</u> | <u>Position</u> | <u>Term</u> | <u>Length of Service</u> |
|-----------------------------|-----------------------------------|-------------------|--------------------------|
| Laura R. Hoydick | Mayor | 4 years - Elected | 4 years |
| Christopher Pia..... | Town Council Chair..... | 2 years - Elected | 4 years |
| Katilyn Shake..... | Town Council Member..... | 2 years - Elected | 1 year |
| James Connor..... | Town Council Member..... | 2 years - Elected | 4 years |
| Lesette Franceshi..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Kimberly Rice..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Gregory Cann..... | Town Council Member..... | 2 years - Elected | 5 years |
| Ken Poisson..... | Town Council Member..... | 2 years - Elected | 4 years |
| Jean-Marie Sutton..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Jim Connor..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| William O'Brien..... | Town Council Member..... | 2 years - Elected | 4 years |
| Laura Dancho..... | Town Council Member..... | 2 years - Elected | 4 years |
| Christopher Tymniak..... | Chief Administrative Officer..... | Appointed | 6 years |
| Dr. Janet M. Robertson..... | Superintendent of Schools..... | Appointed | 8 years |
| Dawn M. Savo..... | Finance Director..... | Appointed | 1 year |
| Michael Downes..... | Chief of Staff..... | Appointed | 4 years |
| Ron Ing..... | Director of Personnel..... | Appointed | 10 years |
| Larry Ciccarelli..... | Public Safety Director..... | Appointed | 7 years |

Municipal Employment

| <u>Fiscal Year</u> | <u>Full-time Equivalents</u> | | | | |
|-------------------------|------------------------------|--------------|--------------|--------------|--------------|
| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Board of Education..... | 955 | 955 | 890 | 884 | 884 |
| General Government..... | 443 | 443 | 464 | 450 | 445 |
| Total | 1,398 | 1,398 | 1,354 | 1,334 | 1,329 |

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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 |
| 2019 | 52,120 | 943,332 | 3,565,287 |

Source: U. S. Census Bureau.

Age Distribution of the Population

| <u>Age</u> | <u>Town of Statford</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..... | 2,534 | 4.9 | 51,160 | 5.4 | 180,598 | 5.1 |
| 5 - 9..... | 2,771 | 5.3 | 55,168 | 5.8 | 193,466 | 5.4 |
| 10 - 14..... | 2,659 | 5.1 | 63,903 | 6.8 | 216,194 | 6.1 |
| 15 - 19..... | 2,967 | 5.7 | 65,820 | 7.0 | 238,670 | 6.7 |
| 20 - 24..... | 3,759 | 7.2 | 59,617 | 6.3 | 239,939 | 6.7 |
| 25 - 34..... | 6,380 | 12.2 | 108,198 | 11.5 | 444,509 | 12.5 |
| 35 - 44..... | 5,994 | 11.5 | 117,338 | 12.4 | 426,967 | 12.0 |
| 45 - 54..... | 7,671 | 14.7 | 134,758 | 14.3 | 480,565 | 13.5 |
| 55 - 59..... | 3,940 | 7.6 | 69,815 | 7.4 | 258,972 | 7.3 |
| 60 - 64..... | 3,585 | 6.9 | 63,757 | 6.8 | 256,375 | 7.2 |
| 65 - 74..... | 5,395 | 10.4 | 84,324 | 8.9 | 352,559 | 9.9 |
| 75 - 84..... | 2,727 | 5.2 | 47,764 | 5.1 | 187,950 | 5.3 |
| 85 and over.... | 1,738 | 3.3 | 21,710 | 2.3 | 88,523 | 2.5 |
| Total | <u>52,120</u> | <u>100.0</u> | <u>943,332</u> | <u>100.0</u> | <u>3,565,287</u> | <u>100.0</u> |
| Median Age... | 42.6 | | 40.6 | | 41.0 | |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

Selected Wealth and Income Indicators

| | <u>Median Family</u> | | <u>Per Capita Income</u> | |
|------------------------|----------------------|---------------|--------------------------|---------------|
| | <u>(2000)</u> | <u>(2019)</u> | <u>(2000)</u> | <u>(2019)</u> |
| Town of Stratford..... | \$64,364 | \$ 94,762 | \$26,501 | \$ 38,274 |
| Fairfield County..... | 77,690 | 122,271 | 38,350 | 58,815 |
| Connecticut..... | 65,521 | 101,272 | 28,766 | 45,359 |
| United States..... | 49,600 | 80,944 | 21,690 | 35,672 |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

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> |
| Less than \$10,000..... | 312 | 2.3 | 5,423 | 2.3 | 23,413 | 2.6 |
| 10,000 to 14,999..... | 229 | 1.7 | 4,828 | 2.0 | 16,417 | 1.9 |
| 15,000 to 24,999..... | 415 | 3.0 | 10,475 | 4.4 | 40,285 | 4.5 |
| 25,000 to 34,999..... | 545 | 4.0 | 8,530 | 3.6 | 45,297 | 5.1 |
| 35,000 to 49,999..... | 1,496 | 11.0 | 17,528 | 7.4 | 72,294 | 8.2 |
| 50,000 to 74,999..... | 2,126 | 15.6 | 28,257 | 12.0 | 125,399 | 14.2 |
| 75,000 to 99,999..... | 2,228 | 16.3 | 23,345 | 9.9 | 113,337 | 12.8 |
| 100,000 to 149,999.... | 2,969 | 21.7 | 38,805 | 16.5 | 179,477 | 20.3 |
| 150,000 to 199,999... | 2,008 | 14.7 | 29,912 | 12.7 | 110,065 | 12.4 |
| 200,000 or more..... | 1,331 | 9.7 | 68,473 | 29.1 | 159,927 | 18.1 |
| | <u>13,659</u> | <u>100.0</u> | <u>235,576</u> | <u>100.0</u> | <u>885,911</u> | <u>100.0</u> |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

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..... | 1,362 | 3.6 | 34,199 | 5.3 | 99,837 | 4.0 |
| 9th to 12th grade, no diploma..... | 1,942 | 5.2 | 29,996 | 4.7 | 132,826 | 5.3 |
| High School graduate (includes equivalency).. | 11,500 | 30.7 | 138,177 | 21.5 | 666,828 | 26.9 |
| Some college, no degree..... | 6,637 | 17.7 | 91,683 | 14.3 | 416,175 | 16.8 |
| Associates degree..... | 3,577 | 9.6 | 40,831 | 6.3 | 191,964 | 7.7 |
| Bachelor's degree..... | 7,373 | 19.7 | 172,191 | 26.8 | 541,380 | 21.8 |
| Graduate or professional degree..... | 5,039 | 13.5 | 136,208 | 21.2 | 434,085 | 17.5 |
| Total | <u>37,430</u> | <u>100.0</u> | <u>643,285</u> | <u>100.0</u> | <u>2,483,095</u> | <u>100.0</u> |
| Percent of High School Graduates..... | | 91.2% | | 90.0% | | 90.6% |
| Percent of College Graduates..... | | 33.2% | | 47.9% | | 39.3% |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

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... | 32 | 0.1 | 1,260 | 0.3 | 7,990 | 0.4 |
| Construction..... | 1,406 | 5.1 | 33,808 | 7.0 | 113,732 | 6.2 |
| Manufacturing..... | 3,158 | 11.5 | 35,670 | 7.4 | 180,833 | 9.9 |
| Wholesale Trade..... | 637 | 2.3 | 12,995 | 2.7 | 42,782 | 2.3 |
| Retail Trade..... | 3,161 | 11.5 | 46,486 | 9.7 | 191,226 | 10.5 |
| Transportation, Warehousing & Utilities..... | 1,324 | 4.8 | 19,351 | 4.0 | 80,333 | 4.4 |
| Information..... | 508 | 1.8 | 10,532 | 2.2 | 32,903 | 1.8 |
| Finance, Insurance & Real Estate..... | 2,174 | 7.9 | 57,731 | 12.0 | 158,570 | 8.7 |
| Professional, Scientific & Management..... | 2,901 | 10.5 | 75,452 | 15.7 | 206,887 | 11.3 |
| Educational Services & Health Care..... | 7,706 | 28.0 | 107,738 | 22.5 | 495,627 | 27.2 |
| Arts, Entertainment, Recreation & Food Services... | 2,210 | 8.0 | 42,972 | 9.0 | 166,307 | 9.1 |
| Other Service (including nonprofit)..... | 1,081 | 3.9 | 24,479 | 5.1 | 84,644 | 4.6 |
| Public Administration..... | 1,261 | 4.6 | 11,322 | 2.4 | 62,081 | 3.4 |
| Total | <u>27,559</u> | <u>100.0</u> | <u>479,796</u> | <u>100.0</u> | <u>1,823,915</u> | <u>100.0</u> |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

Major Employers

| <u>Name of Employer</u> | <u>Nature of Entity</u> | <u>Number of Employees</u> |
|--|---|----------------------------|
| Lockheed Martin Sikorsky Aircraft..... | Manufacturer of Helicopters..... | 5,679 |
| Town of Stratford..... | Government..... | 1,333 |
| United Parcel Service..... | Package Delivery..... | 521 |
| Yale New Haven Technology Center... | Electronic Data Storage..... | 510 ¹ |
| Lord Chamberlain..... | Skilled Nursing Facility..... | 444 |
| Ashcroft Holdings..... | Manufacturer of Gauges, Valves..... | 400 |
| Burns Construction..... | Construction..... | 308 |
| Connecticut Distributors..... | Liquor Distributors..... | 305 |
| Aptar..... | Manufacturer Pump Atomizers..... | 271 ¹ |
| Encon..... | HVAC..... | 245 |
| Amazon..... | Distribution Center..... | 230 ¹ |
| Bridgeport Fittings..... | Manufacturer of Electrical Fittings.... | 188 |
| Big Y..... | Retail Grocery Products..... | 156 |
| ShopRite..... | Retail Grocery Products..... | 154 |
| Total | | 10,744 |

¹ Estimate based on calendar year 2020 employment. Current year information is not available.

Source: Town of Stratford Economic Development Department.

Unemployment

| <u>Period</u> | <u>Town of Stratford</u> | | <u>Percentage Unemployed</u> | | |
|-----------------------|------------------------------|--------------------------------|---|---|--|
| | <u>Employed</u> ¹ | <u>Unemployed</u> ¹ | <u>Town of Stratford (%)</u> ¹ | <u>Bridgeport Labor Market (%)</u> ¹ | <u>State of Connecticut (%)</u> ¹ |
| <u>Annual Average</u> | | | | | |
| 2021..... | 23,512 | 2,034 | 8.0 | 6.7 | 6.6 |
| 2020..... | 24,260 | 2,276 | 8.6 | 7.5 | 7.3 |
| 2019..... | 26,126 | 1,190 | 4.4 | 3.7 | 3.7 |
| 2018..... | 25,926 | 1,288 | 4.7 | 4.1 | 4.1 |
| 2017..... | 25,817 | 1,513 | 5.5 | 4.7 | 4.7 |
| 2016..... | 25,868 | 1,612 | 5.9 | 5.0 | 5.1 |
| 2015..... | 25,750 | 1,736 | 6.3 | 5.6 | 5.7 |
| 2014..... | 25,505 | 2,029 | 7.4 | 6.4 | 6.6 |
| 2013..... | 24,652 | 2,317 | 8.6 | 7.5 | 7.8 |
| 2012..... | 24,904 | 2,507 | 9.1 | 8.0 | 8.4 |

Source: State of Connecticut Department of Labor

Housing Inventory

| <u>Type</u> | <u>Units</u> | <u>Percent</u> |
|-------------------------------|----------------------|---------------------|
| 1-unit detached..... | 13,971 | 64.3 |
| 1-unit attached..... | 2,479 | 11.4 |
| 2 to 4 units..... | 2,793 | 12.9 |
| 5 to 9 units..... | 733 | 3.4 |
| 10 or more units..... | 1,740 | 8.0 |
| Mobile home, trailer, other.. | 19 | 0 |
| Total Inventory..... | <u>21,735</u> | <u>100.0</u> |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

Value of Owner-Occupied Housing Units

| <u>Value of Owner Occupied Units</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 \$50,000..... | 403 | 2.6 | 3,988 | 1.8 | 18,004 | 2.0 |
| 50,000 to 99,999..... | 511 | 3.3 | 3,839 | 1.7 | 25,427 | 2.8 |
| 100,000 to 149,999..... | 913 | 5.8 | 6,134 | 2.7 | 67,575 | 7.5 |
| 150,000 to 199,999..... | 1,837 | 11.7 | 12,293 | 5.5 | 131,502 | 14.7 |
| 200,000 to 299,999..... | 7,124 | 45.3 | 34,799 | 15.5 | 251,366 | 28.1 |
| 300,000 to 499,999..... | 4,445 | 28.3 | 67,995 | 30.2 | 249,711 | 27.9 |
| 500,000 to 999,999..... | 413 | 2.6 | 60,775 | 27.0 | 107,606 | 12.0 |
| 1,000,000 and over..... | 73 | 0.5 | 35,225 | 15.7 | 44,403 | 5.0 |
| Total..... | <u>15,719</u> | <u>100.0</u> | <u>225,048</u> | <u>100.0</u> | <u>895,594</u> | <u>100.0</u> |
| Median Value | \$258,400 | | \$444,500 | | \$280,700 | |

Source: U. S. Census Bureau, American Community Survey, 2015-2019.

Taxable Grand List

| List Dated | Real Property | Personal Property | Vehicle Property | Taxable Grand List | Less Exemptions | Net Taxable Grand List |
|----------------------|----------------------|--------------------------|-------------------------|---------------------------|------------------------|-------------------------------|
| 10/1/21 | \$4,125,935,164 | \$681,118,728 | \$494,214,415 | \$5,301,268,307 | \$290,958,584 | \$5,010,309,723 |
| 10/1/20 | 4,089,783,260 | 632,943,671 | 381,013,445 | 5,103,740,376 | 256,028,506 | 4,847,711,870 |
| 10/1/19 ¹ | 4,062,106,980 | 586,022,641 | 361,182,757 | 5,009,312,378 | 240,202,846 | 4,769,109,532 |
| 10/1/18 | 3,929,535,970 | 575,631,130 | 351,015,990 | 4,856,183,090 | 238,452,090 | 4,617,731,000 |
| 10/1/17 | 3,909,285,220 | 544,923,142 | 345,667,180 | 4,799,875,542 | 245,951,660 | 4,553,923,882 |
| 10/1/16 | 3,897,095,857 | 495,024,132 | 341,137,740 | 4,733,257,729 | 240,770,110 | 4,492,487,619 |
| 10/1/15 | 3,899,177,250 | 474,463,002 | 336,333,270 | 4,709,973,522 | 227,802,820 | 4,482,170,702 |
| 10/1/14 ¹ | 3,888,216,900 | 469,680,249 | 329,035,740 | 4,686,932,889 | 242,736,347 | 4,444,196,542 |
| 10/1/13 | 4,006,478,639 | 470,070,716 | 322,759,890 | 4,799,309,245 | 240,770,110 | 4,558,539,135 |
| 10/1/12 | 3,996,499,730 | 459,170,270 | 314,680,673 | 4,770,350,673 | 238,896,985 | 4,531,453,688 |

¹ Revaluation

Source: Town of Stratford Assessor Office.

Largest Taxpayers
For October 2021 Grand List

| Business-Name | Nature of Business | Total Estimated Assessment | Rank | Percent of Total |
|---|------------------------------|-----------------------------------|-------------|-------------------------|
| Lockheed Martin Co..... | Helicopter Manufacturer..... | \$198,160,920 | 1 | 4.09% |
| United Illuminating..... | Utliity..... | 170,404,000 | 2 | 3.52% |
| Sikorsky Aircraft..... | Helicopter Manufacturer..... | 82,330,850 | 3 | 1.70% |
| Southern Connecticut Gas..... | Utliity..... | 46,529,280 | 4 | 0.96% |
| Ashcroft Inc..... | Instrument Manufacturer..... | 21,698,020 | 5 | 0.45% |
| ETCL Stratford, LLC..... | Real Estate..... | 21,157,430 | 6 | 0.44% |
| UB Dockside LLC (Urstadt Biddle Prop).. | Real Estate..... | 19,937,190 | 7 | 0.41% |
| DCR7S1 CT LLC..... | Real Estate..... | 19,093,270 | 8 | 0.39% |
| Stonybrook Gardens Cooperative..... | Apartments..... | 18,886,910 | 9 | 0.39% |
| Merion Stratford LP..... | Apartments..... | 15,573,320 | 10 | 0.32% |
| Total | | \$ 613,771,190 | | 12.67% |

Source: Town of Stratford Assessor Office.

Property Tax Levies and Collections

| FY Ending 30-Jun | Net Taxable Grand List | Total Tax Rate (In Mills) | Adjusted Tax Levy | Collected End of Each FY | Uncollected Taxes Each FY | As of 6/30/2021² |
|-------------------------|-------------------------------|----------------------------------|--------------------------|---------------------------------|----------------------------------|------------------------------------|
| 2022 ¹ | \$4,847,711,870 | 39.47 | \$190,083,809 | In process | In process | In process |
| 2021 ^{2,3} | 4,769,109,532 | 39.64 | 189,265,006 | 98.0 % | \$3,829,906 | \$3,829,906 |
| 2020 | 4,617,731,000 | 39.87 | 184,855,273 | 97.6 | 4,391,158 | 1,988,792 |
| 2019 | 4,553,923,882 | 39.90 | 182,262,885 | 97.9 | 3,874,828 | 1,185,997 |
| 2018 | 4,492,487,619 | 39.97 | 179,620,498 | 97.5 | 4,562,247 | 1,071,294 |
| 2017 | 4,482,170,702 | 38.99 | 172,755,443 | 97.7 | 3,994,094 | 496,119 |
| 2016 ³ | 4,444,196,542 | 36.98 | 164,459,920 | 97.6 | 4,029,648 | 195,287 |
| 2015 | 4,558,539,135 | 35.63 | 162,727,443 | 97.4 | 4,167,744 | 131,227 |
| 2014 | 4,531,453,688 | 34.64 | 156,748,314 | 97.5 | 3,988,230 | 118,049 |
| 2013 | 4,525,796,461 | 34.48 | 155,886,467 | 97.7 | 3,533,685 | 84,700 |

¹ Adopted Budget.

² Unaudited estimate.

³ Revaluation

Source: Town of Stratford Assessor Office.

FINANCIAL INFORMATION

Comparative General Fund Operating Statement – Fiscal Year 2019-20
Budget and Actual (Budgetary Basis)

| | Fiscal Year 2019-20 | | |
|--|----------------------------|------------------------------|---|
| | Revised Budget | Actual Operations | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Property taxes, interest and liens..... | \$187,671,483 | \$185,824,970 | \$ (1,846,513) |
| Intergovernmental revenue..... | 29,683,867 | 30,372,603 | 688,736 |
| Departmental revenues..... | 3,280,009 | 3,037,723 | (242,286) |
| Licenses, fees and permits..... | 913,000 | 1,064,187 | 151,187 |
| Investment Income..... | 1,200,000 | 931,490 | (268,510) |
| Other revenues..... | 714,000 | 734,523 | 20,523 |
| TOTAL REVENUES..... | \$223,462,359 | 221,965,496 | (1,496,863) |
| EXPENDITURES | | | |
| Current: | | | |
| Administration..... | \$ 6,175,573 | 5,391,072 | 784,501 |
| Contingency..... | 3,977,158 | 3,453,260 | 523,898 |
| Employee Benefits..... | 32,629,632 | 32,586,641 | 42,991 |
| Finance..... | 2,001,789 | 1,885,324 | 116,465 |
| Human Development..... | 6,308,093 | 6,106,766 | 201,327 |
| Physical Development..... | 14,508,020 | 14,269,127 | 238,893 |
| Public Safety..... | 25,621,098 | 26,396,078 | (774,980) |
| Education..... | 115,010,146 | 113,760,164 | 1,249,982 |
| Debt Service..... | 21,097,202 | 20,526,454 | 570,748 |
| TOTAL EXPENDITURES..... | 227,328,711 | 224,374,886 | 2,953,825 |
| Excess (deficiency) of revenues over expenditures..... | (3,866,352) | (2,409,390) | 1,456,962 |
| Other financing sources (uses): | | | |
| Bond premium..... | - | - | - |
| Operating transfers in..... | 4,610,000 | 4,610,000 | - |
| Operating transfers out..... | (743,648) | (743,648) | - |
| Total Other financing sources (uses) | 3,866,352 | 3,866,352 | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses..... | \$ - | \$ 1,456,962 | \$ 1,456,962 |

Source: Annual audited financial statements.

Comparative General Fund Operating Statement – Fiscal Years 2020-21 and 2021-22
Budget and Actual (Budgetary Basis)

| | Fiscal Year 2020-21 (Unaudited Estimate) | | | Fiscal Year |
|--|---|-------------------------------|---|---------------------------------------|
| | Revised Budget | Unaudited Estimate | Variance Favorable (Unfavorable) | 2021-22 Adopted Budget |
| REVENUES | | | | |
| Property taxes, interest and liens..... | \$191,266,210 | \$190,925,554 | \$ (340,656) | \$194,281,235 |
| Intergovernmental revenue..... | 31,898,529 | 32,278,430 | 379,901 | 37,648,377 |
| Departmental revenues..... | 3,012,250 | 3,411,107 | 398,857 | 2,835,000 |
| Licenses, fees and permits..... | 955,000 | 976,429 | 21,429 | 944,000 |
| Investment Income..... | 940,000 | 123,205 | (816,795) | 875,000 |
| Other revenues..... | 717,000 | 1,104,567 | 387,567 | 1,144,000 |
| TOTAL REVENUES..... | \$228,788,989 | 228,819,292 | 30,303 | 237,727,612 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration..... | \$ 6,230,067 | 5,595,508 | 634,559 | \$ 6,317,942 |
| Contingency..... | 4,001,291 | 3,681,608 | 319,683 | 4,761,500 |
| Employee Benefits..... | 33,739,142 | 32,168,243 | 1,570,899 | 34,600,092 |
| Finance..... | 2,114,565 | 1,850,873 | 263,692 | 2,186,931 |
| Human Development..... | 6,343,847 | 5,596,883 | 746,964 | 6,569,789 |
| Physical Development..... | 14,781,563 | 14,994,641 | (213,078) | 15,582,222 |
| Public Safety..... | 26,568,030 | 27,274,077 | (706,047) | 26,816,438 |
| Education..... | 117,539,695 | 116,341,081 | 1,198,614 | 120,184,338 |
| Debt Service..... | 20,845,789 | 20,505,991 | 339,798 | 22,872,830 |
| TOTAL EXPENDITURES..... | 232,163,989 | 228,008,904 | 4,155,085 | 239,892,082 |
| Excess (deficiency) of revenues over expenditures..... | <u>(3,375,000)</u> | <u>810,388</u> | <u>4,185,388</u> | <u>(2,164,470)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in..... | 4,575,000 | 4,430,242 | (144,758) | 3,290,000 |
| Operating transfers out..... | (1,200,000) | (1,200,000) | - | (1,125,530) |
| Total Other financing sources (uses)... | 3,375,000 | 3,230,242 | (144,758) | 2,164,470 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses..... | <u>\$ -</u> | <u>\$ 4,040,630</u> | <u>\$ 4,040,630</u> | <u>\$ -</u> |

Source: Fiscal year 2020-21 unaudited estimate; Fiscal year 2021-22 adopted budget.

Comparative Balance Sheets

| Fiscal Year Ended: | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents..... | \$ 28,519,760 | \$ 33,160,566 | \$ 55,894,040 | \$ 65,901,692 | \$ 38,095,458 |
| Restricted cash..... | - | 37,786,942 | - | - | - |
| Receivables, net..... | 14,468,941 | 11,765,024 | 11,967,778 | 10,465,306 | 12,292,756 |
| Inventories and prepaids..... | 154,656 | 6,131 | 3,066 | 391,396 | 249,081 |
| Advances to other funds..... | 916,459 | 1,114,103 | 1,402,248 | 1,227,942 | 1,220,363 |
| Due from other funds..... | 8,119,984 | 4,522,013 | - | 8,013,327 | 28,049,220 |
| TOTAL ASSETS..... | \$ 52,179,800 | \$ 88,354,779 | \$ 69,267,132 | \$ 85,999,663 | \$ 79,906,878 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES..... | | | | | |
| Accounts payable..... | \$ 1,993,496 | \$ 2,229,625 | \$ 3,202,139 | \$ 2,980,606 | \$ 3,840,609 |
| Accrued liabilities..... | 2,211,807 | 830,283 | 898,588 | 574,660 | 819,624 |
| Due to other funds..... | 25,474,303 | 65,173,624 | 48,835,665 | 66,003,746 | 56,491,648 |
| TOTAL LIABILITIES..... | 29,679,606 | 68,233,532 | 52,936,392 | 69,559,012 | 61,151,881 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable resources..... | 13,393,974 | 10,806,823 | 10,270,294 | 9,355,938 | 10,808,112 |
| Advance property tax collections... | 780,599 | - | - | 28,934 | 33,629 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 14,174,573 | 10,806,823 | 10,270,294 | 9,384,872 | 10,841,741 |
| FUND BALANCES | | | | | |
| Nonspendable..... | 1,071,115 | 1,120,234 | 1,405,314 | 1,619,338 | 1,469,444 |
| Restricted..... | - | - | - | - | - |
| Committed..... | - | - | - | - | - |
| Assigned..... | 16,710 | 210,988 | 1,064,339 | 190,623 | 102,859 |
| Unassigned..... | 7,237,796 | 7,983,202 | 3,590,793 | 5,245,818 | 6,340,953 |
| TOTAL FUND BALANCES..... | 8,325,621 | 9,314,424 | 6,060,446 | 7,055,779 | 7,913,256 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 52,179,800 | \$ 88,354,779 | \$ 69,267,132 | \$ 85,999,663 | \$ 79,906,878 |

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance

| Fiscal Year Ended: | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Property taxes..... | \$164,688,249 | \$174,120,628 | \$180,421,843 | \$183,916,324 | \$185,583,030 |
| State and Federal Governments..... | 41,912,560 | 49,234,555 | 48,171,466 | 36,258,221 | 47,900,337 |
| Charges for services..... | 2,895,396 | 3,753,733 | 3,001,405 | 2,821,562 | 2,708,610 |
| Licenses and permits..... | 892,071 | 686,613 | 1,003,139 | 786,372 | 1,107,379 |
| Investment income..... | 72,654 | 122,817 | 303,072 | 1,082,636 | 931,490 |
| Other revenues..... | 4,132,814 | 1,870,094 | 1,140,804 | 2,351,047 | 969,961 |
| TOTAL REVENUES..... | \$214,593,744 | \$229,788,440 | \$234,041,729 | \$227,216,162 | \$239,200,807 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Administration..... | 4,591,072 | 4,978,884 | 5,984,350 | 5,910,487 | 5,391,074 |
| Contingency..... | 3,688,316 | 2,641,747 | 4,733,208 | 4,431,445 | 3,422,031 |
| Employee Benefits..... | 19,572,548 | 20,423,354 | 19,310,201 | 19,302,656 | 19,230,941 |
| Finance..... | 2,120,485 | 2,193,685 | 2,198,148 | 1,882,833 | 2,561,578 |
| Human Development..... | 5,666,977 | 5,902,668 | 5,923,449 | 6,155,899 | 6,131,545 |
| Physical Development..... | 11,793,537 | 11,251,696 | 12,417,475 | 13,009,037 | 14,355,797 |
| Public Safety..... | 25,370,325 | 25,614,821 | 24,867,450 | 25,599,474 | 26,686,653 |
| Education..... | 112,764,984 | 125,907,159 | 128,126,498 | 120,596,747 | 131,166,556 |
| Debt service ¹ | 31,379,528 | 32,820,850 | 35,360,568 | 29,890,458 | 33,469,155 |
| Capital outlay..... | 414,082 | - | - | 654,190 | - |
| TOTAL EXPENDITURES..... | 217,361,854 | 231,734,864 | 238,921,347 | 227,433,226 | 242,415,330 |
| Excess (deficiency) of revenues over expenditures..... | (2,768,110) | (1,946,424) | (4,879,618) | (217,064) | (3,214,523) |
| Other financing sources (uses): | | | | | |
| Premium on bond issuance..... | - | 2,963,886 | - | - | - |
| Payment to bond escrow agent..... | - | - | - | - | - |
| Proceeds from capital lease..... | 414,082 | - | - | - | - |
| Operating transfers in..... | 4,957,546 | 3,293,280 | 2,120,254 | 1,970,397 | 4,610,000 |
| Operating transfers (out)..... | (3,275,034) | (3,321,939) | (494,614) | (758,000) | (538,000) |
| Total other financing sources (uses).. | 2,096,594 | 2,935,227 | 1,625,640 | 1,212,397 | 4,072,000 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses..... | (671,516) | 988,803 | (3,253,978) | 995,333 | 857,477 |
| Fund Balance - July 1..... | 8,997,137 | 8,325,621 | 9,314,424 | 6,060,446 | 7,055,779 |
| Fund Balance - June 30..... | \$ 8,325,621 | \$ 9,314,424 | \$ 6,060,446 | \$ 7,055,779 | \$ 7,913,256 |

¹ Includes debt service for the Town's 2011 and 2013 Pension Bond issues. For budgetary purposes, the pension bond debt service is included under Employee Benefits.

Source: Annual audited financial statements.

Employee Pension Systems

Net Pension Liability

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability..... | \$334,208,067 | \$316,495,066 | \$315,879,001 | \$314,123,128 | \$313,896,866 |
| Plan fiduciary net position..... | 301,760,734 | 248,414,592 | 258,826,783 | 259,954,977 | 253,001,960 |
| Net pension liability..... | <u>\$ 32,447,333</u> | <u>\$ 68,080,474</u> | <u>\$ 57,052,218</u> | <u>\$ 54,168,151</u> | <u>\$ 60,894,906</u> |
| Plan fiduciary net position as a % of total pension liability..... | 90.3% | 78.5% | 81.9% | 82.8% | 80.6% |

Sensitivity of Net Pension Liability to Changes in the Discount 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..... | \$ 68,815,827 | \$ 32,447,333 | \$ 1,760,760 |

Schedule of Funding Progress (Actuarial Value - In Thousands)

| <u>Actuarial</u> <u>Valuation</u> <u>Date</u> | <u>Actuarial</u> <u>Value</u> <u>of Assets</u> <u>(a)</u> | <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u> | <u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u> | <u>Funded</u> <u>Ratio</u> <u>(a/b)</u> | <u>Covered</u> <u>Payroll</u> <u>(c)</u> | <u>UAAL as</u> <u>a % of</u> <u>Covered</u> <u>Payroll</u> <u>((b-a)/c)</u> |
|---|--|--|--|---|--|---|
| July 1, 2021 | \$ 265,539 | \$ 335,251 | \$ 69,712 | 79.2% | \$ 15,704 | 443.9% |
| July 1, 2020 | 252,717 | 332,550 | 79,833 | 76.0% | 16,509 | 483.6% |
| July 1, 2019 | 254,789 | 315,879 | 61,090 | 80.7% | 17,810 | 343.0% |
| July 1, 2018 | 255,867 | 315,196 | 59,329 | 81.2% | 17,810 | 333.1% |
| July 1, 2017 | 254,022 | 313,202 | 59,180 | 81.1% | 18,756 | 315.5% |
| July 1, 2016 | 254,217 | 312,191 | 57,974 | 81.4% | 18,756 | 309.1% |
| 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% |

¹ Includes proceeds of the Town's 2013 pension bond issue. For the 7/1/13 valuation, the actuarial value of assets had been reset to equal the Market Value of assets. In future years, the Actuarial Value will be determined by recognizing gains or losses in equal installments over a five-year period.

Schedule of Employer Contributions

| <u>Fiscal</u> <u>Year</u> | <u>Actuarially</u> <u>Determined</u> <u>Contribution</u> | <u>Actual</u> <u>Contribution</u> | <u>Percentage</u> <u>Contributed</u> |
|------------------------------|--|--------------------------------------|---|
| 2022 ¹ | \$ 6,878,195 | \$ 6,878,195 | 100.0 % |
| 2021 ² | 6,610,201 | 6,610,201 | 100.0 % |
| 2020 | 6,241,601 | 5,348,880 | 85.7 % |
| 2019 | 6,088,400 | 5,399,899 | 88.7 % |
| 2018 | 5,830,217 | 5,643,634 | 96.8 % |

¹ Adopted budget.

² Unaudited estimate.

Other Post-employment Benefits (OPEB)

Net OPEB Liability

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB liability..... | \$ 288,762,665 | \$ 325,187,048 | \$ 289,378,757 | \$ 278,438,343 | \$ 280,385,144 |
| Plan fiduciary net position..... | 8,249,690 | 5,923,076 | 5,494,362 | 5,022,624 | 4,442,541 |
| Net OPEB liability..... | <u>\$ 280,512,975</u> | <u>\$ 319,263,972</u> | <u>\$ 283,884,395</u> | <u>\$ 273,415,719</u> | <u>\$ 275,942,603</u> |
| Plan fiduciary net position as a % of total pension liability..... | 2.86% | 1.82% | 1.90% | 1.80% | 1.58% |

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

| | 1% Decrease (1.16%) | Current Rate (2.16%) | 1% Increase (3.16%) |
|--------------------------------|------------------------|-------------------------|------------------------|
| Town's Net OPEB Liability..... | \$ 329,554,699 | \$ 280,512,975 | \$ 241,808,482 |

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

| | 1% Decrease | Current Rate | 1% Increase |
|--------------------------------|----------------|----------------|----------------|
| Town's Net OPEB Liability..... | \$ 235,859,969 | \$ 280,512,975 | \$ 338,615,970 |

| 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, 2020 | \$ 5,923,076 | \$ 279,769,067 ¹ | \$273,845,991 | 2.1% | \$103,884,532 | 263.6% |
| July 1, 2018 | 5,022,624 | 263,345,104 ² | 258,322,480 | 1.9% | 79,532,000 | 324.8% |
| July 1, 2016 | 3,784,000 | 250,657,000 ³ | 246,873,000 | 1.5% | 72,582,000 | 340.1% |
| July 1, 2014 | 3,392,000 | 239,827,000 ³ | 236,435,000 | 1.4% | 75,985,000 | 311.2% |
| July 1, 2012 | 2,071,587 | 154,672,638 ⁴ | 152,601,051 | 1.3% | N/A | N/A |

¹ Based on a 2.21% discount rate.

² Based on a 3.87% discount rate.

³ Based on a 4.00% discount rate.

⁴ Based on a 6.75% discount rate following the establishment of an irrevocable trust.

| Fiscal Year | Actuarially Determined Contribution | Actual Contribution | Percentage Contributed |
|-------------------|---|------------------------|---------------------------|
| 2021 ¹ | \$26,133,040 | \$ 9,674,363 | 37.0% |
| 2020 | 23,177,582 | 9,310,404 | 40.2% |
| 2019 | 22,133,340 | 9,017,876 | 40.7% |
| 2018 | 20,679,264 | 8,477,088 | 41.0% |
| 2017 | 21,050,753 | 8,496,506 | 40.4% |

¹ Unaudited estimate.

INDEBTEDNESS

Principal Amount of Bonded Indebtedness
Pro Forma as of March 15, 2022

Long-Term Debt

| Date of Issue | Issue | Coupon Rate % | Original Issue Amount | Debt Outstanding Including This Issue | Final Maturity |
|----------------------|--|----------------------|------------------------------|--|-----------------------|
| 01/31/08 | Clean Water Fund Loan #1052-CSL ¹ | 2.000 | \$ 1,837,123 | \$ 516,964 | 01/31/27 |
| 10/31/10 | Clean Water Fund Loan #366-C1 ¹ | 2.000 | 14,235,000 | 19,710,825 | 07/01/25 |
| 12/29/11 | Series 2011 (Energy Performance Contract) ¹ ... | 3.240 | 8,212,115 | 4,421,908 | 06/15/30 |
| 10/10/13 | Series 2013 (Refunding)..... | 3.000 - 5.000 | 16,600,000 | 5,650,000 | 08/01/23 |
| 10/29/13 | Series 2013B (Federally Taxable)..... | 0.500 - 6.000 | 162,690,000 | 71,550,000 | 08/15/38 |
| 12/17/14 | Series 2014A (Refunding-New Money)..... | 2.000 - 5.000 | 42,740,000 | 2,780,000 | 12/15/22 |
| 01/04/17 | Series 2017..... | 3.000 - 5.000 | 25,260,000 | 19,940,000 | 07/01/36 |
| 01/02/19 | Series 2019..... | 4.000 - 5.000 | 70,000,000 | 66,110,000 | 01/01/39 |
| 04/28/20 | Series 2020A..... | 3.000 - 5.000 | 29,105,000 | 26,360,000 | 07/01/40 |
| 04/28/20 | Series 2020B (Refunding)(Federally Taxable)... | 0.349 - 2.461 | 78,100,000 | 76,495,000 | 08/15/34 |
| | Total | | | <u>\$293,534,697</u> | |

Short-Term Debt

| Date of Issue | Issue | Coupon Rate % | Original Issue Amount | Debt Outstanding Including This Issue | Final Maturity |
|----------------------|---|----------------------|------------------------------|--|-----------------------|
| 04/01/21 | Clean Water Fund Loan #713-CSL ¹ | 2.00% | \$24,469,075 | \$ 24,469,075 | 10/31/2022 |
| 03/15/22 | Bond Anticipation Notes (This Issue)..... | TBD | \$12,245,000 | 12,245,000 | 5/17/2022 |
| | Total | | | <u>\$ 36,714,075</u> | |

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

Source: Town of Stratford Finance Department.

Combined Schedule of Long-term Indebtedness

Pro Forma as of March 15, 2022

| Fiscal Year | Existing Indebtness | | |
|-------------------|-----------------------|----------------------|-----------------------|
| | Principal Payments | Interest Payments | Total Debt Service |
| 2022 ¹ | \$ 1,081,813 | \$ 273,917 | \$ 1,355,730 |
| 2023 | 23,676,157 | 11,020,452 | 34,696,609 |
| 2024 | 23,992,038 | 10,082,187 | 34,074,225 |
| 2025 | 22,253,946 | 9,249,016 | 31,502,962 |
| 2026 | 22,211,901 | 8,561,745 | 30,773,646 |
| 2027 | 20,269,735 | 8,006,067 | 28,275,802 |
| 2028 | 19,948,602 | 7,450,518 | 27,399,120 |
| 2029 | 19,722,560 | 6,875,511 | 26,598,070 |
| 2030 | 17,747,945 | 6,292,495 | 24,040,440 |
| 2031 | 15,470,000 | 5,748,689 | 21,218,689 |
| 2032 | 15,340,000 | 5,099,980 | 20,439,980 |
| 2033 | 15,300,000 | 4,322,333 | 19,622,333 |
| 2034 | 14,225,000 | 3,572,861 | 17,797,861 |
| 2035 | 14,170,000 | 2,890,391 | 17,060,391 |
| 2036 | 12,395,000 | 2,229,250 | 14,624,250 |
| 2037 | 12,385,000 | 1,590,200 | 13,975,200 |
| 2038 | 11,065,000 | 984,400 | 12,049,400 |
| 2039 | 10,985,000 | 413,400 | 11,398,400 |
| 2040 | 665,000 | 38,500 | 703,500 |
| 2041 | 630,000 | 12,600 | 642,600 |
| | \$293,534,697 | \$ 94,714,513 | \$388,249,210 |

¹ Excludes principal payments of \$22,164,469 and interest payments of \$11,754,567 made as of March 15, 2022.

Source: Town of Stratford Finance Department.

Schedule of General-Fund Debt
Pro Forma as of March 15, 2022

| Fiscal Year | Existing Indebtness | | |
|--------------------|----------------------------|--------------------------|---------------------------|
| | Principal Payments | Interest Payments | Total Debt Service |
| 2022 ¹ | \$ 237,619 | \$ 136,865 | \$ 374,484 |
| 2023 | 21,030,239 | 10,641,754 | 31,671,992 |
| 2024 | 21,159,239 | 9,757,631 | 30,916,870 |
| 2025 | 19,465,239 | 8,979,160 | 28,444,398 |
| 2026 | 19,395,239 | 8,347,062 | 27,742,301 |
| 2027 | 17,555,239 | 7,846,828 | 25,402,067 |
| 2028 | 17,245,239 | 7,345,573 | 24,590,812 |
| 2029 | 16,965,239 | 6,825,499 | 23,790,738 |
| 2030 | 16,789,048 | 6,287,677 | 23,076,725 |
| 2031 | 15,470,000 | 5,748,689 | 21,218,689 |
| 2032 | 15,340,000 | 5,099,980 | 20,439,980 |
| 2033 | 15,300,000 | 4,322,333 | 19,622,333 |
| 2034 | 14,225,000 | 3,572,861 | 17,797,861 |
| 2035 | 14,170,000 | 2,890,391 | 17,060,391 |
| 2036 | 12,395,000 | 2,229,250 | 14,624,250 |
| 2037 | 12,385,000 | 1,590,200 | 13,975,200 |
| 2038 | 11,065,000 | 984,400 | 12,049,400 |
| 2039 | 10,985,000 | 413,400 | 11,398,400 |
| 2040 | 665,000 | 38,500 | 703,500 |
| 2041 | 630,000 | 12,600 | 642,600 |
| | <u>\$272,472,338</u> | <u>\$ 93,070,654</u> | <u>\$365,542,991</u> |

¹ Excludes principal payments of \$20,454,558 and interest payments of \$11,455,765 made as of March 15, 2022.

Source: Town of Stratford Finance Department.

Schedule of Enterprise Fund Debt
Pro Forma as of March 15, 2022

| Fiscal Year | Existing Indebtness | | |
|--------------------|----------------------------|--------------------------|---------------------------|
| | Principal Payments | Interest Payments | Total Debt Service |
| 2022 ¹ | \$ 844,194 | \$ 137,052 | \$ 981,246 |
| 2024 | 2,645,919 | 378,698 | 3,024,617 |
| 2025 | 2,832,799 | 324,556 | 3,157,355 |
| 2026 | 2,788,707 | 269,857 | 3,058,563 |
| 2027 | 2,816,662 | 214,683 | 3,031,345 |
| 2028 | 2,714,496 | 159,239 | 2,873,735 |
| 2029 | 2,703,363 | 104,945 | 2,808,309 |
| 2030 | 2,757,321 | 50,012 | 2,807,333 |
| 2031 | 958,898 | 4,818 | 963,715 |
| | <u>\$21,062,359</u> | <u>\$ 1,643,859</u> | <u>\$22,706,219</u> |

¹ Excludes principal payments of \$1,709,911 and interest payments of \$298,832 made as of March 15, 2022.

Source: Town of Stratford Finance Department.

Overlapping/Underlying Debt

The Town has no overlapping debt.

Calculation of Net Direct Debt Pro Forma as of March 15, 2022

Indebtedness

Long-Term Debt

| | |
|---|--------------------|
| General Purpose..... | \$ 61,425,470 |
| Schools..... | 95,252,868 |
| Sewers..... | 263,570 |
| Pensions..... | 116,365,000 |
| State of Connecticut CWF PLO ¹ | <u>20,227,789</u> |
| Total Long-term Debt..... | <u>293,534,697</u> |

Short-Term Debt

| | |
|---|-------------------|
| State of Connecticut CWF IFO ¹ | 24,469,075 |
| The Notes (This Issue)..... | <u>12,245,000</u> |
| Total Short-term Debt..... | <u>36,714,075</u> |

Gross Direct Debt

330,248,772

Exclusions:

| | |
|---|--------------------|
| Self-supporting Enterprise Fund Debt ² | (45,531,434) |
| Guaranteed Energy Performance Contract ³ | <u>(4,421,908)</u> |

Net Direct Debt

\$280,295,430

¹ The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees.

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.

³ Includes 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 was 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 \$4,421,908 of outstanding bonds for the EPC. The final lease payment was due on December 15, 2021.

Source: Town of Stratford Finance Department.

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Current Debt Ratios
Pro Forma as of March 15, 2022

| | |
|--|-----------------|
| Gross Direct Debt..... | \$330,248,772 |
| Net Direct Debt..... | \$280,295,430 |
| Population ¹ | 52,120 |
| Net Taxable Grand List (10/1/20)..... | \$4,617,731,000 |
| Estimated Full Value..... | \$6,596,758,571 |
| Equalized Net Taxable Grand List (2019) ² | \$6,820,084,632 |
| Per Capita Income ¹ | \$38,274 |
| Total Direct Indebtedness: | |
| Per Capita..... | \$6,336.32 |
| To Net Taxable Grand List | 7.15% |
| To Estimated Full Value | 5.01% |
| To Equalized Net Taxable Grand List..... | 4.84% |
| Per Capita to Per Capita Income..... | 16.56% |
| Net Direct Indebtedness: | |
| Per Capita..... | \$5,377.89 |
| To Net Taxable Grand List..... | 6.07% |
| To Estimated Full Value..... | 4.25% |
| To Equalized Net Taxable Grand List..... | 4.11% |
| Per Capita to Per Capita Income..... | 14.05% |

¹ Census Bureau, American Community Survey, 2015-2019.

² Office of Policy and Management, State of Connecticut.

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Computation of Statutory Debt Limit
Pro Forma as of March 15, 2022

| | |
|---|-----------------------------|
| Total Tax Collections (including interest and lien fees) for the year ended June 30, 2021 (unaudited estimate) | \$185,435,100 |
| Reimbursement for Revenue Loss On: | |
| Tax relief for elderly freeze | - |
| Base for Debt Limitation Computation | <u><u>\$185,435,100</u></u> |

| Debt Limitation ¹ | General Purposes | Schools | Sewers | Urban | Past Pension | Total Debt |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2 1/4 times base..... | \$417,228,975 | | | | | |
| 4 1/2 times base..... | | \$834,457,950 | | | | |
| 3 3/4 times base..... | | | \$695,381,625 | | | |
| 3 1/4 times base..... | | | | \$602,664,075 | | |
| 3 times base | | | | | \$556,305,300 | |
| 7 times base..... | | | | | | \$1,298,045,700 |
| Indebtedness: | | | | | | |
| Outstanding Debt ² | \$ 61,425,470 | \$ 95,252,868 | \$ 263,570 | \$ - | \$116,365,000 | \$ 273,306,908 |
| The Notes (This Issue) | 5,281,845 | 6,963,155 | - | - | - | 12,245,000 |
| Clean Water Fund PLO ³ | - | - | 20,227,789 | - | - | 20,227,789 |
| Clean Water Fund IFO ³ | - | - | 24,469,075 | - | - | 24,469,075 |
| Authorized but Unissued Debt..... | 27,043,924 | 18,124,286 | 1,527,141 | - | - | 46,695,351 |
| Total Indebtedness | <u>93,751,239</u> | <u>120,340,309</u> | <u>46,487,575</u> | <u>-</u> | <u>116,365,000</u> | <u>376,944,123</u> |
| Less: | | | | | | |
| School Grants Receivable..... | - | - | - | - | - | - |
| Total Net Indebtedness | <u>93,751,239</u> | <u>120,340,309</u> | <u>46,487,575</u> | <u>-</u> | <u>116,365,000</u> | <u>376,944,123</u> |
| Debt Limitation in Excess of | | | | | | |
| Indebtedness | <u>\$323,477,736</u> | <u>\$714,117,641</u> | <u>\$648,894,050</u> | <u>\$602,664,075</u> | <u>\$439,940,300</u> | <u>\$921,101,577</u> |

¹ Under Chapter 109 of the Connecticut General Statutes the total of all indebtedness shall not exceed seven times the base or \$1,298,045,700.

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 \$4,421,908 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 was 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 final lease payment was due on December 15, 2021.

³ The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees.

Source: Town of Stratford Finance Department.

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APPENDIX A - AUDITED FINANCIAL STATEMENTS

TOWN OF STRATFORD, CONNECTICUT

Fiscal Year Ending June 30, 2020 Financial Statements



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stratford, Connecticut, as of and for the year ended June 30, 2020, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2020 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.

Prior Period Adjustment

As discussed in Note 13 to the financial statements, during the year ended June 30, 2020, the Town of Stratford, Connecticut, restated beginning net position of the governmental activities, business-type activities and the Waste Operating Fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 30, 2021

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. 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 increased by \$4,756,000 inclusive of a change in net OPEB liability as a result of this year's operations. The net position of our business-type activities decreased by \$431,000 inclusive of a change in long term liability as a result of this year's operations.
- During the year, the Town's governmental activities program expenses are \$3.8 million less than the \$270 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services are \$13.3i million while operating expenses are \$13.4 million primarily due to the Water Treatment plant.
- Total cost of all of the Town's programs increased by \$3.2 million to \$279.6 million. The main increases were in Education and Public Safety program expenses.
- The General Fund reported a fund balance this year of \$7.9 million, which is an increase of \$857 thousand from the prior year.

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 IV): Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net 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 V to VII): When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net 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 VIII and IX): The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net 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 increased from a year ago from \$(384.8) million to \$(380.3) 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)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--------------------------------------|--------------------------------|---------------------|---------------------------------|------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Current and other assets | \$ 58,058 | \$ 83,436 | \$ 3,194 | \$ 3,126 | \$ 61,252 | \$ 86,562 |
| Capital assets, net of depreciation | 277,248 | 245,603 | 40,169 | 42,705 | 317,417 | 288,308 |
| Total assets | <u>335,306</u> | <u>329,039</u> | <u>43,363</u> | <u>45,831</u> | <u>378,669</u> | <u>374,870</u> |
| Deferred outflows - pension | 4,171 | 346 | 130 | 11 | 4,301 | 357 |
| Deferred outflows - OPEB | 28,125 | 10,819 | 620 | 238 | 28,745 | 11,057 |
| Deferred charge on refunding | 1,602 | 1,730 | | | 1,602 | 1,730 |
| Total deferred outflows of resources | <u>33,898</u> | <u>12,895</u> | <u>750</u> | <u>249</u> | <u>34,648</u> | <u>13,144</u> |
| Current liabilities | 47,158 | 43,147 | 1,258 | 1,267 | 48,416 | 44,414 |
| Long-term debt outstanding | 699,314 | 671,562 | 32,141 | 33,583 | 731,455 | 705,145 |
| Total liabilities | <u>746,472</u> | <u>714,709</u> | <u>33,399</u> | <u>34,850</u> | <u>779,871</u> | <u>749,559</u> |
| Deferred inflows - pension | | 4,212 | | 132 | | 4,344 |
| Deferred inflows - OPEB | 13,485 | 18,521 | 297 | 408 | 13,782 | 18,929 |
| Total deferred inflows of resources | <u>13,485</u> | <u>22,733</u> | <u>297</u> | <u>540</u> | <u>13,782</u> | <u>23,273</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 81,970 | 45,522 | 14,691 | 14,627 | 96,661 | 60,149 |
| Restricted | 6,069 | 2,719 | | | 6,069 | 2,719 |
| Unrestricted | <u>(478,792)</u> | <u>(443,749)</u> | <u>(4,274)</u> | <u>(3,937)</u> | <u>(483,066)</u> | <u>(447,686)</u> |
| Total Net Position | <u>\$ (390,753)</u> | <u>\$ (395,508)</u> | <u>\$ 10,417</u> | <u>\$ 10,690</u> | <u>\$ (380,336)</u> | <u>\$ (384,818)</u> |

Net position of the Town's governmental activities increased at \$(390.8) million as comparable to the prior year as restated at \$(395.5). 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 \$(451.9) million at June 30, 2019 to \$(478.8) million at the end of this year.

Table 2
SUMMARY STATEMENT OF ACTIVITIES
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 7,903 | \$ 8,339 | \$ 13,332 | \$ 14,979 | \$ 21,235 | \$ 23,318 |
| Operating grants and contributions | 45,973 | 35,952 | | | 45,973 | 35,952 |
| Capital grants and contributions | 25,794 | 29,461 | 730 | 1,780 | 26,524 | 31,241 |
| General revenues: | | | | | | |
| Property taxes | 187,064 | 183,456 | | | 187,064 | 183,456 |
| Grants and contributions not restricted to specific purposes | 589 | 496 | | | 589 | 496 |
| Unrestricted investment earnings | 1,044 | 1,279 | | | 1,044 | 1,279 |
| Miscellaneous | 1,655 | 2,901 | | | 1,655 | 2,901 |
| Total revenues | <u>270,022</u> | <u>261,884</u> | <u>14,062</u> | <u>16,759</u> | <u>284,084</u> | <u>278,643</u> |
| Program expenses: | | | | | | |
| General government | 35,401 | 40,368 | | | 35,401 | 40,368 |
| Human development | 8,164 | 11,084 | | | 8,164 | 11,084 |
| Physical development | 21,145 | 29,201 | | | 21,145 | 29,201 |
| Public safety | 37,296 | 31,749 | | | 37,296 | 31,749 |
| Education | 150,477 | 139,085 | | | 150,477 | 139,085 |
| Interest expense | 13,684 | 11,610 | | | 13,684 | 11,610 |
| Waste operating | | | 10,436 | 10,169 | 10,436 | 10,169 |
| Short Beach Golf Course | | | 158 | 202 | 158 | 202 |
| Emergency Medical Services | | | 2,841 | 2,897 | 2,841 | 2,897 |
| Total program expenses | <u>266,167</u> | <u>263,097</u> | <u>13,435</u> | <u>13,268</u> | <u>279,602</u> | <u>276,365</u> |
| Excess before transfers | 3,855 | (1,213) | 627 | 3,491 | 4,482 | 2,278 |
| Transfers | 900 | 1,230 | (900) | (1,230) | - | - |
| Change in Net Position | 4,755 | 17 | (273) | 2,261 | 4,482 | 2,278 |
| Restatement | | 8,142 | | (8,142) | | |
| Net Position at Beginning of Year, as Restated | <u>(395,508)</u> | <u>(403,667)</u> | <u>10,690</u> | <u>16,571</u> | <u>(384,818)</u> | <u>(387,096)</u> |
| Net Position at End of Year | <u>\$ (390,753)</u> | <u>\$ (395,508)</u> | <u>\$ 10,417</u> | <u>\$ 10,690</u> | <u>\$ (380,336)</u> | <u>\$ (384,818)</u> |

The Town's total revenues were \$284.1 million. The total cost of all programs and services was \$279.6 million. Our analysis below separately considers the operations of governmental and business-type activities.

The Town's governmental activities change in Net Position is greatly impacted by the recognition of annual changes in the City's Pension & OPEB liabilities as well as the associated recognition of deferred inflows/outflows that do not require the use of current financial resources but are recognized in the statement of activities as a change in Net Position. Financial Statement Exhibit IV's reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances reports the following changes related to the Town's Pension & OPEB Liabilities:

| | |
|--|---------------------|
| Change in Net Pension Liability | \$(10,694) |
| Change in Deferred Outflows Related to Pension | 3,825 |
| Change in Deferred Inflows Related to Pension | 4,212 |
| Change in Total OPEB Liability | (34,617) |
| Change in Deferred Outflows Related to OPEB | 17,307 |
| Change in Deferred Inflows related to OPEB | <u>5,035</u> |
| Statement of Activities - Change in Pension/OPEB | <u>\$(14,932)*</u> |

**The notes to the financial statements contain informative disclosures on the funding status & funding policy for the Town's Pension & OPEB Liabilities that should be referred to.*

Governmental Activities

Approximately 69.1% of the revenues were derived from property taxes; the remaining 30.9% of revenue is made up of operating and capital grants and investment earnings.

Major revenue factors include:

- Property taxes increased by \$3.6 million over the prior year. Current tax collections totaled \$181.1 million or 97.95% of the collectible taxes. Arrear taxes and interest collected was \$4.6 million.
- Operating grants for governmental activities increased by \$10 million over the prior year. The State of Connecticut Education Cost Sharing grant, Special education, and Municipal Grants-in-Aid totaled \$29.8 million of the Operating grants total.
- Governmental expenses increased from \$263.1 million to \$266.2 million this year. These increases consisted of \$5.5 million in public safety and \$11.4 million in education. There was a corresponding decrease of \$5.0 million in general government, \$2.9 million in human development, \$8.1 million in physical development, and \$2.1 million in interest expense.

Table 3 presents the cost of each of the Town's five largest programs - education, public safety, general 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)**

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|----------------------|-------------------------------|-----------------------|-----------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| General government | \$ 35,401 | \$ 40,368 | \$ 27,530 | \$ 34,112 |
| Public safety | 37,296 | 31,749 | 34,949 | 29,696 |
| Physical development | 21,145 | 29,201 | 2,872 | 5,428 |
| Education | 150,477 | 139,085 | 100,685 | 98,748 |
| Human development | 8,164 | 11,084 | 6,777 | 9,750 |
| All others | <u>13,684</u> | <u>11,610</u> | <u>13,684</u> | <u>11,612</u> |
| Total | <u>\$ 266,167</u> | <u>\$ 263,097</u> | <u>\$ 186,497</u> | <u>\$ 189,346</u> |

Business-Type Activities

Business-type activities decreased the Town's net position by \$273 thousand. The key factors were decreases in program revenues in Waste Operating fund and Emergency Medical Services.

Town Funds Financial Analysis

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22.4 million, a decrease of \$30.3 million in comparison with the prior year. This is due to the deficiency of revenues over expenditures of \$31.2 million of which \$28.6 is from capital outlay.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance is \$7.9 million.

General Fund mirrors the general fund activities analysis highlighted in RSI-1 and RSI-2. The fund balance of the Town's General Fund increased by \$857,000 during the current fiscal year.

The Capital Projects Fund has a fund balance of \$5.3 million at the end of the year, a decrease of \$28.2 million from the prior year. Major projects in 2020 are as follows:

- The Stratford High School Project of \$72.8 million.
- Road Resurfacing, sidewalk improvement, street improvement, and bridge improvement of \$5.7 million.
- Other school Improvements, equipment and technology infrastructure Projects have expenditures for \$783 thousand.
- Capital equipment purchases for public works, police and fire of \$1.7 million.

Other nonmajor governmental funds have a total fund balance of \$9.2 million, a decrease of \$2.9 million from the prior year. The decrease is attributed to use of prior year bond premium of \$3.5 million to extinguish debt expense in the current year.

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

Overall enterprise funds net position total \$10.4 million at the end of 2020, decreasing by \$273,000 from the previous year.

Net position of the Waste Operating Fund at the end of the year is \$13 million, 125% of total net position of the proprietary funds. Other non-major activities have net deficit of \$2.6 million or -25% 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.

The Internal Service Funds net position at the end of 2020 totaled (\$9.2) million; thereby, increasing the deficit by \$973,000 thousand from the previous year.

Net position of the Health Benefit Fund and Workers’ Compensation as of June 30, 2020 is \$1.1 million and (\$10.3) million, respectively. Decrease in Health Benefit fund net position is due to health claim activity. Decrease in Workers’ Compensation fund net position is due to an increase in risk management claim liability.

General Fund Budgetary Highlights

During the year, total revenues were under budgetary estimates by \$1.5 million and total expenditures were under budgetary estimates by \$2.8 million. The town had a negative revenue variance that was the result of \$1.8 million shortfall of estimated tax collector’s revenue. Expenditures were under budget estimates in all categories except public safety which had a negative variance of \$774,980.

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, 2020 amounted to \$274.9 million and \$40.2 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town’s investment in capital assets for the current fiscal year was \$26.7 million.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|----------------------------|------------|-----------------------------|-----------|------------|------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 15,855 | \$ 15,855 | \$ | \$ | \$ 15,855 | \$ 15,855 |
| Land improvements | 8,061 | 8,286 | 25 | 32 | 8,086 | 8,318 |
| Buildings and improvements | 97,458 | 100,983 | 28,189 | 31,104 | 125,647 | 132,087 |
| Infrastructure | 29,748 | 27,757 | 6,488 | 6,968 | 36,236 | 34,725 |
| Machinery and equipment | 10,919 | 11,680 | 1,451 | 1,314 | 12,370 | 12,994 |
| Construction in progress | 115,207 | 81,042 | 4,016 | 3,287 | 119,223 | 84,329 |
| Total | \$ 277,248 | \$ 245,603 | \$ 40,169 | \$ 42,705 | \$ 317,417 | \$ 288,308 |

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

Long-Term Debt. At June 30, 2020 the Town had \$334.5 million in bonds and notes outstanding versus \$356.8 million last year, a decrease of 6.3% as shown in Table 5.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General and pension obligation bonds | \$ 308,734 | \$ 328,238 | \$ 1,161 | \$ 1,338 | \$ 309,895 | \$ 329,576 |
| Capital leases | 334 | 538 | 26 | 74 | 360 | 612 |
| Notes payable | | | 24,292 | 26,666 | 24,292 | 26,666 |
| Totals | <u>\$ 309,068</u> | <u>\$ 328,776</u> | <u>\$ 25,478</u> | <u>\$ 28,078</u> | <u>\$ 334,546</u> | <u>\$ 356,854</u> |

The Town maintains an “AA-” rating from Standard & Poor’s and an “A2” rating from Moody’s for its 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 \$1,285 million, significantly more than the Town’s outstanding general obligation debt.

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

Economic Factors and Next Year’s Budgets and Rates

- Inflationary trends in the region are comparable to the national indices.
- The Town’s unemployment rate has dropped to 8.6% in October of 2020 as compared to 4.2% in October 2019.

All of these factors were considered in preparing the Town’s budget for fiscal year 2021. The fiscal year 2021 General Fund budget calls for \$233,363,989 in revenues with matching expenditures resulting in an increase of \$5,713,265 over fiscal year 2020 or a 2.5% increase. The Grand List increased by 3.28% from 2020; thereby, resulting in a mill rate decrease of 0.58%.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$1,095,135 for an unassigned balance of \$6,340,953. The Town did not utilize general fund balance for the fiscal year 2021 budget.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, governing bodies, 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 at 2725 Main Street, Stratford, Connecticut 06615.

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|--------------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 39,375,208 | \$ 194,833 | \$ 39,570,041 |
| Investments | 2,603,117 | | 2,603,117 |
| Receivables, net | 14,506,353 | 4,219,679 | 18,726,032 |
| Inventories and prepaids | 353,864 | | 353,864 |
| Advance to other funds | 1,220,363 | (1,220,363) | - |
| Capital assets: | | | |
| Assets not being depreciated | 131,061,929 | 4,015,985 | 135,077,914 |
| Assets being depreciated, net | 146,185,645 | 36,153,202 | 182,338,847 |
| Total assets | <u>335,306,479</u> | <u>43,363,336</u> | <u>378,669,815</u> |
| Deferred Outflows of Resources: | | | |
| Deferred outflows related to pension | 4,171,224 | 130,356 | 4,301,580 |
| Deferred outflows related to OPEB | 28,125,384 | 619,969 | 28,745,353 |
| Deferred charges on refunding | 1,602,300 | | 1,602,300 |
| Total deferred outflows of resources | <u>33,898,908</u> | <u>750,325</u> | <u>34,649,233</u> |
| Liabilities: | | | |
| Accounts and other payables | 10,822,641 | 321,345 | 11,143,986 |
| Accrued liabilities | 6,126,592 | 107,677 | 6,234,269 |
| Unearned revenue | 725,485 | 1,732 | 727,217 |
| Internal balances | 1,915,321 | (1,915,321) | - |
| Bond anticipation notes | 5,444,000 | | 5,444,000 |
| Noncurrent liabilities: | | | |
| Due within one year | 22,124,528 | 2,743,148 | 24,867,676 |
| Due in more than one year | 699,314,329 | 32,140,882 | 731,455,211 |
| Total liabilities | <u>746,472,896</u> | <u>33,399,463</u> | <u>779,872,359</u> |
| Deferred Inflows of Resources: | | | |
| Deferred inflows related to OPEB | 13,485,031 | 297,251 | 13,782,282 |
| Total deferred inflows of resources | <u>13,485,031</u> | <u>297,251</u> | <u>13,782,282</u> |
| Net Position: | | | |
| Net investment in capital assets | 81,970,719 | 14,691,231 | 96,661,950 |
| Restricted for: | | | |
| Nonexpendable trust | 2,688,175 | | 2,688,175 |
| Debt service | 3,380,478 | | 3,380,478 |
| Unrestricted | <u>(478,791,912)</u> | <u>(4,274,284)</u> | <u>(483,066,196)</u> |
| Total Net Position | <u>\$ (390,752,540)</u> | <u>\$ 10,416,947</u> | <u>\$ (380,335,593)</u> |

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 35,401,112 | \$ 2,974,206 | \$ 214,106 | \$ 4,682,925 | \$ (27,529,875) | | \$ (27,529,875) |
| Human development | 8,164,402 | 680,906 | 595,304 | 110,767 | (6,777,425) | | (6,777,425) |
| Physical development | 21,144,678 | 1,188,144 | | 17,084,278 | (2,872,256) | | (2,872,256) |
| Public safety | 37,296,382 | 1,985,506 | 361,970 | | (34,948,906) | | (34,948,906) |
| Education | 150,477,225 | 1,074,537 | 44,801,442 | 3,916,503 | (100,684,743) | | (100,684,743) |
| Debt service | 13,683,607 | | | | (13,683,607) | | (13,683,607) |
| Total governmental activities | <u>266,167,406</u> | <u>7,903,299</u> | <u>45,972,822</u> | <u>25,794,473</u> | <u>(186,496,812)</u> | <u>-</u> | <u>(186,496,812)</u> |
| Business-type activities: | | | | | | | |
| Waste Operating | 10,436,094 | 10,934,557 | | 728,656 | | 1,227,119 | 1,227,119 |
| Emergency Medical Services | 2,839,565 | 2,187,763 | | | | (651,802) | (651,802) |
| Short Beach Golf Course | 157,975 | 209,307 | | | | 51,332 | 51,332 |
| Total business-type activities | <u>13,433,634</u> | <u>13,331,627</u> | <u>-</u> | <u>728,656</u> | <u>-</u> | <u>626,649</u> | <u>626,649</u> |
| Total | <u>\$ 279,601,040</u> | <u>\$ 21,234,926</u> | <u>\$ 45,972,822</u> | <u>\$ 26,523,129</u> | <u>(186,496,812)</u> | <u>626,649</u> | <u>(185,870,163)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 187,064,382 | | 187,064,382 |
| Grants and contributions not restricted to specific programs | | | | | 589,274 | | 589,274 |
| Unrestricted investment earnings | | | | | 1,042,699 | | 1,042,699 |
| Miscellaneous | | | | | 1,656,332 | | 1,656,332 |
| Total general revenues | | | | | <u>190,352,687</u> | <u>-</u> | <u>190,352,687</u> |
| Transfers | | | | | 900,000 | (900,000) | - |
| Total | | | | | <u>191,252,687</u> | <u>(900,000)</u> | <u>190,352,687</u> |
| Change in net position | | | | | 4,755,875 | (273,351) | 4,482,524 |
| Net Position - Beginning of Year, as Restated | | | | | <u>(395,508,415)</u> | <u>10,690,298</u> | <u>(384,818,117)</u> |
| Net Position - End of Year | | | | | <u>\$ (390,752,540)</u> | <u>\$ 10,416,947</u> | <u>\$ (380,335,593)</u> |

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

| | <u>General</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-----------------------------|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 38,095,458 | \$ | \$ 1,199,750 | \$ 39,295,208 |
| Investments | | | 2,603,117 | 2,603,117 |
| Receivables, net | 12,292,756 | 1,322,682 | 890,914 | 14,506,352 |
| Inventories and prepaids | 249,081 | | 104,783 | 353,864 |
| Advance to other funds | 1,220,363 | | | 1,220,363 |
| Due from other funds | 28,049,220 | 40,671,084 | 7,260,664 | 75,980,968 |
| Total Assets | <u>\$ 79,906,878</u> | <u>\$ 41,993,766</u> | <u>\$ 12,059,228</u> | <u>\$ 133,959,872</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts and other payables | \$ 3,840,609 | \$ 6,003,112 | \$ 961,739 | \$ 10,805,460 |
| Accrued liabilities | 819,624 | | 24,304 | 843,928 |
| Unearned revenue | | 303,963 | 421,522 | 725,485 |
| Bond anticipation notes | | 5,444,000 | | 5,444,000 |
| Due to other funds | 56,491,648 | 24,358,878 | 1,369,408 | 82,219,934 |
| Total liabilities | <u>61,151,881</u> | <u>36,109,953</u> | <u>2,776,973</u> | <u>100,038,807</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - property taxes | 7,809,586 | | | 7,809,586 |
| Unavailable revenue - property taxes interest | 2,998,526 | | | 2,998,526 |
| Unavailable revenue - other receivables | 33,629 | | 64,100 | 97,729 |
| Unavailable revenue - special assessments | | 591,289 | | 591,289 |
| Total deferred inflows of resources | <u>10,841,741</u> | <u>591,289</u> | <u>64,100</u> | <u>11,497,130</u> |
| Fund Balances: | | | | |
| Nonspendable | 1,469,444 | | 2,792,958 | 4,262,402 |
| Restricted | | | 3,380,478 | 3,380,478 |
| Committed | | 36,501,001 | 3,617,262 | 40,118,263 |
| Assigned | 102,859 | | | 102,859 |
| Unassigned | 6,340,953 | (31,208,477) | (572,543) | (25,440,067) |
| Total fund balances | <u>7,913,256</u> | <u>5,292,524</u> | <u>9,218,155</u> | <u>22,423,935</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 79,906,878</u> | <u>\$ 41,993,766</u> | <u>\$ 12,059,228</u> | <u>\$ 133,959,872</u> |

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020

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

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

| | |
|--|---------------|
| Fund balances - total governmental funds (Exhibit III) | \$ 22,423,935 |
|--|---------------|

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

| | | |
|-------------------------------|----------------------|-------------|
| Governmental capital assets | \$ 496,543,891 | |
| Less accumulated depreciation | <u>(219,296,317)</u> | |
| Net capital assets | | 277,247,574 |

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

| | |
|---|------------|
| Property tax receivables greater than 60 days | 7,809,586 |
| Interest receivable on property taxes | 2,998,526 |
| Assessments receivable | 591,289 |
| Other receivables and deferred amounts | 97,729 |
| Deferred outflows related to Pension | 4,171,224 |
| Deferred outflows related to OPEB | 28,125,384 |

| | |
|---|-------------|
| 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. | (9,198,503) |
|---|-------------|

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

| | |
|-------------------------------------|---------------------|
| Bonds and notes payable | (293,949,196) |
| Bond premium | (14,785,281) |
| Capital lease | (333,963) |
| Interest payable on bonds and notes | (5,276,051) |
| Compensated absences | (11,596,507) |
| Landfill closure | (7,800,000) |
| Deferred charges on refunding | 1,602,300 |
| Claims and judgments | (1,000,000) |
| Net pension liability | (66,017,352) |
| Net OPEB liability | (312,378,203) |
| Deferred inflows related to OPEB | <u>(13,485,031)</u> |

| | |
|---|--------------------------------|
| Net Position of Governmental Activities (Exhibit I) | \$ <u><u>(390,752,540)</u></u> |
|---|--------------------------------|

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>General</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-----------------------------|--|---|
| Revenues: | | | | |
| Property taxes and assessments | \$ 185,583,030 | \$ 153,595 | \$ | \$ 185,736,625 |
| State and Federal governments | 47,900,337 | 14,209,556 | 9,718,692 | 71,828,585 |
| Department revenue | 2,708,610 | | 4,392,125 | 7,100,735 |
| Licenses and permits | 1,107,379 | | 242,386 | 1,349,765 |
| Investment income | 931,490 | | 111,209 | 1,042,699 |
| Other | 969,961 | | 686,370 | 1,656,331 |
| Total revenues | <u>239,200,807</u> | <u>14,363,151</u> | <u>15,150,782</u> | <u>268,714,740</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 5,391,074 | | 109,523 | 5,500,597 |
| Contingency | 3,422,031 | | | 3,422,031 |
| Employee benefits | 19,230,941 | | | 19,230,941 |
| Finance | 2,561,578 | | | 2,561,578 |
| Human development | 6,131,545 | | 1,340,151 | 7,471,696 |
| Physical development | 14,355,797 | | 2,616,100 | 16,971,897 |
| Public safety | 26,686,653 | | 2,014,719 | 28,701,372 |
| Education | 131,166,556 | | 8,070,327 | 139,236,883 |
| Debt service: | | | | |
| Principal retirements | 18,731,967 | | | 18,731,967 |
| Interest and other charges | 14,737,188 | | | 14,737,188 |
| Capital outlay | | 42,938,431 | 361,375 | 43,299,806 |
| Total expenditures | <u>242,415,330</u> | <u>42,938,431</u> | <u>14,512,195</u> | <u>299,865,956</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(3,214,523)</u> | <u>(28,575,280)</u> | <u>638,587</u> | <u>(31,151,216)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 4,610,000 | 413,000 | 125,000 | 5,148,000 |
| Transfers out | (538,000) | | (3,710,000) | (4,248,000) |
| Total other financing sources | <u>4,072,000</u> | <u>413,000</u> | <u>(3,585,000)</u> | <u>900,000</u> |
| Net Change in Fund Balances | 857,477 | (28,162,280) | (2,946,413) | (30,251,216) |
| Fund Balances at Beginning of Year | <u>7,055,779</u> | <u>33,454,804</u> | <u>12,164,568</u> | <u>52,675,151</u> |
| Fund Balances at End of Year | <u>\$ 7,913,256</u> | <u>\$ 5,292,524</u> | <u>\$ 9,218,155</u> | <u>\$ 22,423,935</u> |

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ (30,251,216)

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

| | |
|----------------------|-------------|
| Capital outlay | 41,683,943 |
| Depreciation expense | (9,788,809) |

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

Thus the change in net position differs from the change in fund balance by the cost of the assets sold. (250,447)

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

| | |
|--|------------|
| Property tax receivable | 1,349,781 |
| Property tax interest receivable | 102,393 |
| Assessments | (124,417) |
| Other receivables and deferred amounts | (19,217) |
| Change in deferred outflows related to Pension | 3,825,304 |
| Change in deferred outflows related to OPEB | 17,307,143 |

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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

| | |
|--|------------|
| Bond principal payments | 18,528,239 |
| Amortization of premiums and discounts | 975,206 |
| Capital lease payments | 203,728 |

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. The details of the changes in other recorded obligations are as follows:

| | |
|---|--------------|
| Compensated absences | (2,032,113) |
| Accrued interest | 409,355 |
| Amortization of deferred amount on refunding | (127,252) |
| Change in net pension liability | (10,694,054) |
| Change in net OPEB liability | (34,616,523) |
| Change in deferred inflows related to Pension | 4,212,083 |
| Change in deferred inflows related to OPEB | 5,035,460 |

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

(972,712)

Change in Net Positions of Governmental Activities (Exhibit II)

\$ 4,755,875

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | <u>Governmental</u> |
|--|--|---------------------------|----------------------|----------------------------------|
| | <u>Major Fund</u> | | | <u>Activities</u> |
| | <u>Waste Operating Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u> | <u>Internal Service Fund</u> |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ | \$ 194,833 | \$ 194,833 | \$ 80,000 |
| Receivables: | | | | |
| Accounts and other | | 360,563 | 360,563 | |
| Sewer usage receivable | 2,347,656 | | 2,347,656 | |
| Unbilled sewer usage receivable | 1,511,460 | | 1,511,460 | |
| Due from other funds | 8,400,301 | 120,800 | 8,521,101 | 4,370,147 |
| Total current assets | <u>12,259,417</u> | <u>676,196</u> | <u>12,935,613</u> | <u>4,450,147</u> |
| Capital assets: | | | | |
| Assets not being depreciated | 4,015,985 | | 4,015,985 | |
| Assets being depreciated, net | 34,152,480 | 2,000,722 | 36,153,202 | |
| Total capital assets | <u>38,168,465</u> | <u>2,000,722</u> | <u>40,169,187</u> | <u>-</u> |
| Total assets | <u>50,427,882</u> | <u>2,676,918</u> | <u>53,104,800</u> | <u>4,450,147</u> |
| Deferred Outflows of Resources: | | | | |
| Related to Pension | 130,356 | | 130,356 | |
| Related to OPEB | 619,969 | | 619,969 | |
| Total deferred outflows of resources | <u>750,325</u> | <u>-</u> | <u>750,325</u> | <u>-</u> |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable | 202,036 | 119,309 | 321,345 | 23,793 |
| Accrued wages and benefits | 107,677 | | 107,677 | |
| Unearned revenue | | 1,732 | 1,732 | |
| Advance from other funds | | 1,220,363 | 1,220,363 | |
| Due to other funds | 3,860,585 | 2,745,195 | 6,605,780 | 46,502 |
| Risk management claims | | | | 595,000 |
| Bonds payable | 30,122 | 139,000 | 169,122 | |
| Serial notes payable | 2,422,035 | | 2,422,035 | |
| Capital lease | 8,639 | 6,197 | 14,836 | |
| Compensated absences | 52,059 | 85,096 | 137,155 | |
| Total current liabilities | <u>6,683,153</u> | <u>4,316,892</u> | <u>11,000,045</u> | <u>665,295</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | 278,632 | 713,000 | 991,632 | |
| Serial notes payable | 21,869,579 | | 21,869,579 | |
| Capital lease payable | 10,752 | | 10,752 | |
| Risk management claims | | | | 12,983,355 |
| Net pension liability | 2,063,122 | | 2,063,122 | |
| Net OPEB liability | 6,885,769 | | 6,885,769 | |
| Compensated absences | 121,470 | 198,558 | 320,028 | |
| Total noncurrent liabilities | <u>31,229,324</u> | <u>911,558</u> | <u>32,140,882</u> | <u>12,983,355</u> |
| Total liabilities | <u>37,912,477</u> | <u>5,228,450</u> | <u>43,140,927</u> | <u>13,648,650</u> |
| Deferred Inflows of Resources: | | | | |
| Related to OPEB | 297,251 | | 297,251 | |
| Net Position: | | | | |
| Net investment in capital assets | 13,548,706 | 1,142,525 | 14,691,231 | |
| Unrestricted | (580,227) | (3,694,057) | (4,274,284) | (9,198,503) |
| Total Net Position | <u>\$ 12,968,479</u> | <u>\$ (2,551,532)</u> | <u>\$ 10,416,947</u> | <u>\$ (9,198,503)</u> |

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|---|--|---------------------------|---------------|-----------------------------------|
| | Major Fund | | | Activities |
| | Waste Operating Fund | Nonmajor Funds | Total | Internal Service Funds |
| Operating Revenues: | | | | |
| Charges for services | \$ 10,934,557 | \$ 2,397,070 | \$ 13,331,627 | \$ 6,591,322 |
| Operating Expenses: | | | | |
| Operating and maintenance | 6,608,531 | 2,639,049 | 9,247,580 | 7,564,034 |
| Depreciation | 3,304,731 | 321,490 | 3,626,221 | |
| Total operating expenses | 9,913,262 | 2,960,539 | 12,873,801 | 7,564,034 |
| Operating Income (Loss) | 1,021,295 | (563,469) | 457,826 | (972,712) |
| Nonoperating Expenses: | | | | |
| Interest expense | (522,832) | (37,001) | (559,833) | |
| Income (Loss) Before Contributions and Transfers | 498,463 | (600,470) | (102,007) | (972,712) |
| Capital Contributions | 728,656 | | 728,656 | |
| Transfers Out | (900,000) | | (900,000) | |
| Change in Net Position | 327,119 | (600,470) | (273,351) | (972,712) |
| Net Position - Beginning of Year, as Restated | 12,641,360 | (1,951,062) | 10,690,298 | (8,225,791) |
| Net Position - End of Year | \$ 12,968,479 | \$ (2,551,532) | \$ 10,416,947 | \$ (9,198,503) |

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | <u>Governmental</u> |
|---|--|---------------------------|---------------------|----------------------------------|
| | <u>Major Fund</u> | | | <u>Activities</u> |
| | <u>Waste Operating Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u> | <u>Internal Service Fund</u> |
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers and users | \$ 10,934,557 | \$ 2,440,559 | \$ 13,375,116 | \$ 6,591,322 |
| Cash payments to suppliers | (3,746,090) | (228,639) | (3,974,729) | (7,669,274) |
| Cash payments to employees | (2,554,478) | (2,362,549) | (4,917,027) | |
| (Payments) receipts for interfund services | (800,275) | 647,541 | (152,734) | 1,077,952 |
| Net cash provided by (used in) operating activities | <u>3,833,714</u> | <u>496,912</u> | <u>4,330,626</u> | <u>-</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Transfers to other funds | <u>(900,000)</u> | | <u>(900,000)</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Principal payments on debt | (2,404,236) | (147,000) | (2,551,236) | |
| Principal payments on capital lease | (6,646) | (41,865) | (48,511) | |
| Acquisition and construction of capital assets | | (361,316) | (361,316) | |
| Interest paid on debt | (522,832) | (37,001) | (559,833) | |
| Net cash provided by (used in) capital and related financing activities | <u>(2,933,714)</u> | <u>(587,182)</u> | <u>(3,520,896)</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | - | (90,270) | (90,270) | - |
| Cash and Cash Equivalents at Beginning of Year | <u>-</u> | <u>285,103</u> | <u>285,103</u> | <u>80,000</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ -</u> | <u>\$ 194,833</u> | <u>\$ 194,833</u> | <u>\$ 80,000</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Operating income (loss) | \$ 1,021,295 | \$ (563,469) | \$ 457,826 | \$ (972,712) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 3,304,731 | 321,490 | 3,626,221 | |
| Loss on disposition of capital assets | | | | |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (37,726) | 43,489 | 5,763 | |
| (Increase) decrease in unbilled accounts receivable | (157,704) | | (157,704) | |
| (Increase) decrease in due from other funds | (800,285) | (74,298) | (874,583) | 1,077,952 |
| Increase (decrease) in accounts payable and accrued expenses | 104,579 | (2,521) | 102,058 | (137) |
| Increase (decrease) in risk management claim liability | | (785) | (785) | (105,103) |
| Increase (decrease) in compensated absences | 45,236 | 51,167 | 96,403 | |
| Increase (decrease) in due to other funds | 10 | 721,839 | 721,849 | |
| Increase (decrease) in net pension liability | 334,202 | | 334,202 | |
| Increase (decrease) in net OPEB liability | 763,054 | | 763,054 | |
| (Increase) decrease in deferred outflows of resources - pension | (119,546) | | (119,546) | |
| Increase (decrease) in deferred inflows of resources - pension | (131,632) | | (131,632) | |
| (Increase) decrease in deferred outflows of resources - OPEB | (381,502) | | (381,502) | |
| Increase (decrease) in deferred inflows of resources - OPEB | (110,998) | | (110,998) | |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 3,833,714</u> | <u>\$ 496,912</u> | <u>\$ 4,330,626</u> | <u>\$ -</u> |
| Noncash Investing and Capital Financing Activities: | | | | |
| Contributions of Capital Assets from Town | <u>\$ 728,656</u> | <u>\$ -</u> | <u>\$ 728,656</u> | |

The accompanying notes are an integral part of the financial statements

TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

| | Pension and Other Employee Benefit Trust Funds | Agency Funds |
|---------------------------------------|---|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and cash equivalents | \$ 1,452,288 | \$ 1,147,324 |
| Investments: | | |
| Pooled, common, and collective trusts | 88,921,755 | |
| Mutual funds | 82,618,372 | |
| Real estate investment funds | 58,200,304 | |
| Equity hedge funds | <u>23,153,708</u> | |
| Total assets | <u>254,346,427</u> | <u>1,147,324</u> |
| Liabilities: | | |
| Due to students and others | | 1,147,324 |
| Other liabilities | <u>8,759</u> | |
| Total liabilities | <u>8,759</u> | <u>\$ 1,147,324</u> |
| Net Position: | | |
| Restricted for Pension Benefits | 248,414,592 | |
| Restricted for OPEB Benefits | <u>5,923,076</u> | |
| Total net position | <u>\$ 254,337,668</u> | |

The accompanying notes are an integral part of the financial statements

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Pension and Other Employee Benefit Trust Funds |
|---|---|
| Additions: | |
| Contributions: | |
| Plan members | \$ 1,281,613 |
| Employer | 14,659,284 |
| Total contributions | <u>15,940,897</u> |
| Investment income: | |
| Net change in fair value of investments | 2,869,577 |
| Interest and dividends | 4,132,495 |
| Total investment income | <u>7,002,072</u> |
| Investment fee | (247,304) |
| Net investment income | <u>6,754,768</u> |
| Total additions | <u>22,695,665</u> |
| Deductions: | |
| Benefits | 32,401,747 |
| Other | 277,396 |
| Total deductions | <u>32,679,143</u> |
| Change in net position | (9,983,478) |
| Net Position - Beginning of Year | <u>264,321,146</u> |
| Net Position - End of Year | <u>\$ 254,337,668</u> |

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses 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 are reported as separate columns in the fund financial statements.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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. Agency funds have no measurement focus.

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 after the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to capital leases, compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

The Pension and OPEB 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 and also the activities of the Stratford nonpension postemployment benefits for certain retirees and their beneficiaries.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The Agency Funds are 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 charges between the enterprise funds and various other function of the government. 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 revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to users for services. Operating expenses for internal service funds include the cost of sales and services, 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 government'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.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Inventories

All inventory of supplies are valued at cost using the first-in/first-out (FIFO) method. Inventories of United States Department of Agriculture donated commodities are stated at the lower of cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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."

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

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are 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 |

H. 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 and OPEB 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 and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB 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).

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 deferred inflows related to OPEB in the government-wide statement of net position. A deferred outflow of resources related to OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB 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 OPEB plans (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 three sources: property taxes, other receivables and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

I. Long-Term Obligations

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

J. 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.

K. Net Pension Liability and Net Other Post-Employment Benefits (OPEB) 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.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

L. 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 component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restricted net position contains assets subject to restrictions that 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 Net Position

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 component represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This component represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This component represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). The Town Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 specific purposes.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Unassigned Fund Balance

This component 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.

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.

M. Property Taxes

The Town's property tax is levied on the Grand List of October 1 each year and is due and payable in two installments on the following July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1.

The Town files liens against property in April, if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in unavailable revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

N. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 30, 2021.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

General Fund

The Town's general budget policies are as follows:

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

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

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

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

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

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

Budgeted amounts reported are as originally adopted, or as amended by the Town Council during the course of the year. No supplemental appropriations were approved for year ended June 30, 2020.

B. Expenditures Exceeding Appropriations

The following line items exceeded appropriations for the year ended June 30, 2020:

| | | |
|------------------------|----|---------|
| Office of the Mayor | \$ | 4,016 |
| Administration | | 5,263 |
| Purchasing | | 51,236 |
| Tax Collector | | 22,305 |
| Community services | | 5,879 |
| Health Department | | 7,497 |
| Highways | | 69,780 |
| Sanitation/refuse | | 161,099 |
| Fire suppression | | 160,825 |
| Fire prevention | | 18,167 |
| Investigation | | 191,203 |
| Patrol | | 540,482 |
| Professional Standards | | 59,287 |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

C. Deficit Fund Equity

The following funds had fund deficits at June 30, 2020:

| | | |
|--|----|------------|
| Nonmajor and Other Funds: | | |
| School Lunch Program* | \$ | 443,172 |
| Community Development* | | 24,588 |
| Short Beach Golf Course* | | 1,070,215 |
| Emergency Medical Services* | | 1,481,317 |
| Internal Service - Workers' Compensation** | | 10,269,687 |

* Deficit will be eliminated through future charges for services.

** Deficit will be eliminated through future appropriations.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). 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.

**TOWN OF STRATFORD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$36,086,789 of the Town’s bank balance of \$37,384,088 was exposed to custodial credit risk as follows:

| | |
|---|-----------------------------|
| Uninsured and uncollateralized | \$ 32,378,110 |
| Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name | <u>3,708,679</u> |
| Total Amount Subject to Custodial Credit Risk | <u><u>\$ 36,086,789</u></u> |

Cash Equivalents

At June 30, 2020, the Town’s cash equivalents amounted to \$6,807,880. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

| | Standard & Poor’s |
|---|----------------------------------|
| Wells Fargo Money Market | AAAm |
| State Short-Term Investment Fund (STIF) | AAAm |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2020:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|-----------------------|-----------------------------|----------------------|-----------------------------|
| Investments by Fair Value Level: | | | | |
| Mutual funds | \$ 85,221,489 | \$ 85,221,489 | \$ | \$ |
| Pooled, common and collective funds | <u>88,921,755</u> | <u> </u> | <u>88,921,755</u> | <u> </u> |
| Total Investments by Fair Value Level | 174,143,244 | <u>\$ 85,221,489</u> | <u>\$ 88,921,755</u> | <u>\$ -</u> |
| Investments recorded at net asset value (NAV): | | | | |
| Equity hedge funds | 23,153,708 | | | |
| Real estate investment funds | <u>58,200,304</u> | | | |
| Total Investments | <u>\$ 255,497,256</u> | | | |

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Pooled, common and collective funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented on the following table:

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (If Currently Eligible)</u> | <u>Redemption Notice Period</u> |
|-----------------------------------|----------------------|-----------------------------|---|---------------------------------|
| Equity hedge funds | \$ 23,153,708 | \$ | Quarterly | Various |
| Real estate investment funds | <u>58,200,304</u> | <u> </u> | Quarterly | Various |
| Total Investments Measured at NAV | <u>\$ 81,354,012</u> | <u>\$ -</u> | | |

Equity Hedge Funds

This type includes an investment in a hedge fund that invest both long and short primarily in U.S. common stocks. Management of each hedge fund can shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Real Estate Investment Funds

This type includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process.

Interest Rate Risk

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

Credit Risk - Investments

The Town does not have an investment policy that would limit its investment choices due to credit risk, other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

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 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, 2020, 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
JUNE 30, 2020**

4. RECEIVABLES

Receivables as of June 30, 2020 for the Town’s individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Capital Projects</u> | <u>Waste Operating</u> | <u>Nonmajor Enterprise Funds</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|-----------------------------------|----------------------|-----------------------------|----------------------------|--|---|----------------------|
| Receivables: | | | | | | |
| Taxes and interest | \$ 12,555,815 | \$ | \$ | \$ | \$ | \$ 12,555,815 |
| Accounts and other | 365,393 | | | 539,462 | 123,333 | 1,028,188 |
| Special assessments | | 591,289 | | | | 591,289 |
| Sewer usage | | | 2,347,656 | | | 2,347,656 |
| Unbilled sewer usage receivable | | | 1,511,460 | | | 1,511,460 |
| Intergovernmental | <u>21,548</u> | <u>731,393</u> | | | <u>767,581</u> | <u>1,520,522</u> |
| Gross receivables | 12,942,756 | 1,322,682 | 3,859,116 | 539,462 | 890,914 | 19,554,930 |
| Less allowance for uncollectibles | <u>650,000</u> | | | <u>178,899</u> | | <u>828,899</u> |
| Net Total Receivables | <u>\$ 12,292,756</u> | <u>\$ 1,322,682</u> | <u>\$ 3,859,116</u> | <u>\$ 360,563</u> | <u>\$ 890,914</u> | <u>\$ 18,726,031</u> |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

5. CAPITAL ASSETS

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Transfers/ Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|---------------------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 15,854,529 | \$ | \$ | \$ 15,854,529 |
| Construction in progress | 81,042,411 | 34,164,989 | | 115,207,400 |
| Total capital assets not being depreciated | <u>96,896,940</u> | <u>34,164,989</u> | <u>-</u> | <u>131,061,929</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 17,901,053 | 539,055 | | 18,440,108 |
| Buildings and improvements | 180,028,970 | 1,389,362 | | 181,418,332 |
| Machinery and equipment | 44,793,204 | 1,694,420 | 672,154 | 45,815,470 |
| Infrastructure | 115,911,935 | 3,896,117 | | 119,808,052 |
| Total capital assets being depreciated | <u>358,635,162</u> | <u>7,518,954</u> | <u>672,154</u> | <u>365,481,962</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 9,615,059 | 763,622 | | 10,378,681 |
| Buildings and improvements | 79,046,473 | 4,914,817 | | 83,961,290 |
| Machinery and equipment | 33,113,212 | 2,204,768 | 421,707 | 34,896,273 |
| Infrastructure | 88,154,471 | 1,905,602 | | 90,060,073 |
| Total accumulated depreciation | <u>209,929,215</u> | <u>9,788,809</u> | <u>421,707</u> | <u>219,296,317</u> |
| Total capital assets being depreciated, net | <u>148,705,947</u> | <u>(2,269,855)</u> | <u>250,447</u> | <u>146,185,645</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 245,602,887</u> | <u>\$ 31,895,134</u> | <u>\$ 250,447</u> | <u>\$ 277,247,574</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 3,287,330 | \$ 728,655 | \$ | \$ 4,015,985 |
| Capital assets being depreciated: | | | | |
| Land improvements | 2,148,942 | | | 2,148,942 |
| Buildings and improvements | 71,360,997 | 215,141 | | 71,576,138 |
| Machinery and equipment | 14,490,978 | 361,316 | 7,114,332 | 7,737,962 |
| Infrastructure | 21,705,181 | | 111,555 | 21,593,626 |
| Total capital assets being depreciated | <u>109,706,098</u> | <u>576,457</u> | <u>7,225,887</u> | <u>103,056,668</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 2,116,692 | 6,947 | | 2,123,639 |
| Buildings and improvements | 40,257,572 | 3,130,139 | | 43,387,711 |
| Machinery and equipment | 13,176,821 | 9,297 | 6,899,191 | 6,286,927 |
| Infrastructure | 14,736,906 | 479,838 | 111,555 | 15,105,189 |
| Total accumulated depreciation | <u>70,287,991</u> | <u>3,626,221</u> | <u>7,010,746</u> | <u>66,903,466</u> |
| Total capital assets being depreciated, net | <u>39,418,107</u> | <u>(3,049,764)</u> | <u>215,141</u> | <u>36,153,202</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 42,705,437</u> | <u>\$ (2,321,109)</u> | <u>\$ 215,141</u> | <u>\$ 40,169,187</u> |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

| | |
|---|--------------------------------|
| Governmental activities: | |
| General government | \$ 430,861 |
| Human development | 369,534 |
| Physical development | 3,081,010 |
| Public safety | 1,417,250 |
| Education | <u>4,490,154</u> |
| Total Depreciation Expense - Governmental Activities | \$ <u><u>9,788,809</u></u> |
| Business-type activities: | |
| Waste operating | \$ 3,304,731 |
| Short Beach Golf Course | 12,179 |
| Emergency medical services | <u>309,311</u> |
| Total Depreciation Expense - Business-Type Activities | \$ <u><u>3,626,221</u></u> |

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------|---------------------------------|
| Capital Projects | General Fund | \$ 36,593,018 |
| Capital Projects | Waste Operating | 3,674,190 |
| Capital Projects | Nonmajor Governmental | 403,876 |
| General Fund | Nonmajor Governmental | 945,147 |
| General Fund | Nonmajor Enterprise | 3,965,558 |
| General Fund | Capital Projects | 24,358,878 |
| Internal Service Funds | General Fund | 4,163,367 |
| Internal Service Funds | Nonmajor Governmental | 20,385 |
| Internal Service Funds | Waste Operating | 186,395 |
| Nonmajor Governmental | General Fund | 7,260,664 |
| Waste Operating | General Fund | 8,400,301 |
| Nonmajor Enterprise | General Fund | 74,298 |
| Nonmajor Enterprise | Internal Service Funds | <u>46,502</u> |
| Total | | \$ <u><u>90,092,579</u></u> |

Interfund balances are a result of temporary loans to various funds. Included in above is an interfund from the General Fund to the Emergency Medical Services Fund in the amount of \$1,220,363. This amount is shown as an advance to/from other funds due to a lack of commitment to pay by the Emergency Medical Services Fund.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Interfund transfers for the year ended June 30, 2020 are as follows:

| | Transfers In | | | |
|-----------------------------|-------------------------|-----------------------------|----------------------------------|--------------------------------|
| | General | Capital Projects | Nonmajor Governmental | Total Transfers Out |
| Transfers out: | | | | |
| General Fund | \$ | \$ 413,000 | \$ 125,000 | \$ 538,000 |
| Waste Operating Fund | 900,000 | | | 900,000 |
| Nonmajor Governmental Funds | <u>3,710,000</u> | | | <u>3,710,000</u> |
| Total Transfers In | <u>\$ 4,610,000</u> | <u>\$ 413,000</u> | <u>\$ 125,000</u> | <u>\$ 5,148,000</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
JUNE 30, 2020**

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|----------------------|----------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds and notes | \$ 312,477,435 | \$ | \$ 18,528,239 | \$ 293,949,196 | \$ 17,886,239 |
| Premium on general obligation bonds | 15,760,487 | | 975,206 | 14,785,281 | |
| Capital leases | 537,691 | | 203,728 | 333,963 | 164,337 |
| Claims and judgments | 1,000,000 | | | 1,000,000 | |
| Compensated absences | 9,564,394 | 21,770,101 | 19,737,988 | 11,596,507 | 3,478,952 |
| Landfill monitoring closure and postclosure costs | 7,800,000 | | | 7,800,000 | |
| Net pension liability | * 55,323,298 | 10,694,054 | | 66,017,352 | |
| Net OPEB liability | * 277,761,680 | 34,616,523 | | 312,378,203 | |
| Risk management | 13,683,458 | 45,897 | 151,000 | 13,578,355 | 595,000 |
| | | | | <u>721,438,857</u> | <u>22,124,528</u> |
| Governmental Activities Long-Term Liabilities | <u>\$ 693,908,443</u> | <u>\$ 67,126,575</u> | <u>\$ 39,596,161</u> | <u>\$ 721,438,857</u> | <u>\$ 22,124,528</u> |
| Business-Type activities: | | | | | |
| General obligation bonds payable | \$ 1,337,876 | \$ | \$ 177,122 | \$ 1,160,754 | \$ 169,122 |
| Notes payable | 26,665,729 | | 2,374,115 | 24,291,614 | 2,422,035 |
| Capital leases | 74,099 | | 48,511 | 25,588 | 14,836 |
| Compensated absences | 360,780 | 629,588 | 533,185 | 457,183 | 137,155 |
| Net pension liability | * 1,728,920 | 334,202 | | 2,063,122 | |
| Net OPEB liability | * 6,122,715 | 763,054 | | 6,885,769 | |
| | | | | <u>34,884,030</u> | <u>2,743,148</u> |
| Business-Type Activities Long-Term Liabilities | <u>\$ 36,290,119</u> | <u>\$ 1,726,844</u> | <u>\$ 3,132,933</u> | <u>\$ 34,884,030</u> | <u>\$ 2,743,148</u> |

* Restated

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

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. The Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

| <u>Description</u> | <u>Balance Outstanding June 30, 2020</u> |
|---|--|
| Governmental Activities: | |
| School bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from July 2024 to January 2039 | \$ 99,254,639 |
| General obligation pension bonds with interest rates ranging from 0.5% to 5.037% and varying expiration dates from August 2020 to August 2038 | 123,630,000 |
| General obligation bonds with interest rates ranging from 2.0% to 5.125% and expiration dates from July 2024 to January 2039 | <u>71,064,557</u> |
| Total Governmental Activities | <u>\$ 293,949,196</u> |
| Business-Type Activities: | |
| EMS Bonds with interest rates ranging from 2.0% to 5.125% and varying expiration dates ranging from August 2021 to January 2026 | \$ 852,000 |
| WPCA Bonds with interest rates ranging from 1.0% to 5.0% and an expiration date of June 2030 | <u>308,754</u> |
| Total Business-Type Activities | <u>\$ 1,160,754</u> |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| 2021 | \$ 17,886,239 | \$ 10,580,452 | \$ 28,466,691 |
| 2022 | 21,473,239 | 13,155,000 | 34,628,239 |
| 2023 | 21,596,239 | 12,201,387 | 33,797,626 |
| 2024 | 21,285,239 | 11,251,411 | 32,536,650 |
| 2025 | 17,476,239 | 7,696,468 | 25,172,707 |
| 2026-2030 | 79,337,003 | 29,502,565 | 108,839,568 |
| 2031-2035 | 70,725,000 | 15,278,681 | 86,003,681 |
| 2036-2040 | <u>44,169,998</u> | <u>3,244,450</u> | <u>47,414,448</u> |
| Total | \$ <u>293,949,196</u> | \$ <u>102,910,414</u> | \$ <u>396,859,610</u> |

Business-type Activities:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|---------------------|-------------------|---------------------|
| 2021 | \$ 169,122 | \$ 40,820 | \$ 209,942 |
| 2022 | 187,122 | 33,734 | 220,856 |
| 2023 | 189,122 | 26,048 | 215,170 |
| 2024 | 190,122 | 18,112 | 208,234 |
| 2025 | 149,122 | 11,771 | 160,893 |
| 2026-2030 | <u>276,144</u> | <u>16,704</u> | <u>292,848</u> |
| Total | \$ <u>1,160,754</u> | \$ <u>147,189</u> | \$ <u>1,307,943</u> |

Bonds Authorized but Unissued

The total of authorized but unissued bonds at June 30, 2020 are as follows:

| | |
|-----------------|----------------------|
| General Purpose | \$ 12,440,724 |
| School | 18,795,737 |
| Sewers | <u>1,527,141</u> |
| Total | \$ <u>32,763,602</u> |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Waste Operating Fund Notes Payable

Clean Water Fund Notes

The State of Connecticut under the Clean Water Fund Program issued these project loan obligations. The loan proceeds financed the Water Pollution Control Facility. The obligation will be paid from future user fees.

Project loan obligations payable to the State of Connecticut mature as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|----------------------|---------------------|----------------------|
| 2021 | \$ 2,422,035 | \$ 463,710 | \$ 2,885,745 |
| 2022 | 2,470,922 | 414,823 | 2,885,745 |
| 2023 | 2,520,796 | 364,949 | 2,885,745 |
| 2024 | 2,571,677 | 314,069 | 2,885,746 |
| 2025 | 2,623,585 | 262,161 | 2,885,746 |
| 2026-2030 | <u>11,682,599</u> | <u>518,459</u> | <u>12,201,058</u> |
| Total | <u>\$ 24,291,614</u> | <u>\$ 2,338,171</u> | <u>\$ 26,629,785</u> |

Debt Limitation

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

| <u>Category</u> | <u>Debt Limit</u> | <u>Net Indebtedness</u> | <u>Balance</u> |
|-------------------------------------|-------------------|-------------------------|----------------|
| General Purpose | \$ 413,019,322 | \$ 83,505,281 | \$ 329,514,041 |
| Schools | 826,038,644 | 87,826,842 | 738,211,802 |
| Sewer and Water | 688,365,536 | 26,127,509 | 662,238,027 |
| Urban Renewal | 596,583,465 | | 596,583,465 |
| Unfunded Pension Benefit Obligation | 550,692,429 | 123,630,000 | 427,062,429 |

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 (\$1.3 billion).

**TOWN OF STRATFORD, CONNECTICUT
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Bond Anticipation Notes Payable

Bond anticipation notes outstanding at June 30, 2020 were as follows:

| | <u>Amount</u> |
|------------------------------|---------------------|
| Notes payable, July 1, 2019 | \$ 3,175,000 |
| Notes Issued | 5,444,000 |
| Notes retired | <u>(3,175,000)</u> |
| Notes Payable, June 30, 2020 | <u>\$ 5,444,000</u> |

During the year, the Town issued \$5,444,000 in notes dated December 19, 2019, which matured on September 17, 2020. The notes carried an interest rate of 3%. These notes serve as temporary financing for various public improvements and school projects.

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of building improvements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|-------------------------------|------------------------------------|-------------------------------------|
| Building and improvements | \$ 1,334,379 | \$ 104,051 |
| Machinery and equipment | 1,877,747 | 187,381 |
| Less accumulated depreciation | <u>(2,147,939)</u> | <u>(172,005)</u> |
| Net Book Value | <u>\$ 1,064,187</u> | <u>\$ 119,427</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

| <u>Year Ending June 30</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| 2021 | \$ 170,343 | \$ 15,346 |
| 2022 | 171,246 | 10,854 |
| Total minimum lease payments | <u>341,589</u> | <u>26,200</u> |
| Less amount representing interest | <u>(7,626)</u> | <u>(612)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 333,963</u> | <u>\$ 25,588</u> |

**TOWN OF STRATFORD, CONNECTICUT
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Landfill Post-Closure Care Costs

State and federal laws and regulations require that the Town place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The estimated total current cost of the landfill closure and postclosure care, aggregating approximately \$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, 2020. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants. 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.

8. FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2020 are as follows:

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|-------------------------|-------------------------|-----------------------------|--|--------------------------|
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventory and prepaids | \$ 249,081 | \$ | \$ 104,783 | \$ 353,864 |
| Nonexpendable trusts | | | 2,688,175 | 2,688,175 |
| Advances to other funds | 1,220,363 | | | 1,220,363 |
| Restricted for: | | | | |
| Debt service | | | 3,380,478 | 3,380,478 |
| Committed to: | | | | |
| Human development | | | 981,263 | 981,263 |
| Physical development | | | 1,107,321 | 1,107,321 |
| Public safety | | | 630,554 | 630,554 |
| Education | | | 599,738 | 599,738 |
| Capital projects | | 36,501,001 | 298,386 | 36,799,387 |
| Assigned to: | | | | |
| Education encumbrances | 102,859 | | | 102,859 |
| Unassigned | <u>6,340,953</u> | <u>(31,208,477)</u> | <u>(572,543)</u> | <u>(25,440,067)</u> |
| Total Fund Balances | <u>\$ 7,913,256</u> | <u>\$ 5,292,524</u> | <u>\$ 9,218,155</u> | <u>\$ 22,423,935</u> |

Encumbrances of approximately \$102,000, \$69,635,000 and \$171,000 at June 30, 2020 are contained in the above table in the assigned category of the General Fund, the committed category of the Capital Projects Fund and the restricted and committed categories of the Nonmajor Governmental funds, respectively.

9. EMPLOYEE RETIREMENT PLAN

Employee Defined Benefit Pension Plan

A. Plan Description

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

As of July 1, 2018, the date of the most recent actuarial valuation, membership consisted of the following:

| | |
|--------------------------------------|-----------------------|
| Actives | 198 |
| Terminated vested and other inactive | 14 |
| Retirees and beneficiaries | <u>667</u> |
| Total | <u><u>879</u></u> |

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

C. Funding Policy

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

**TOWN OF STRATFORD, CONNECTICUT
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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.

D. Investments

Investment Policy

The pension plan’s policy, in regard 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, 2020.

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 are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan’s target asset allocation as of June 30, 2020, and are also summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|------------------------------|--------------------------|--|
| U.S. Core Fixed Income | 30.0% | 2.28% |
| U.S. Large Caps | 22.5% | 4.46% |
| U.S. MidCap Growth | 10.0% | 5.52% |
| U.S. MidCap Value | 10.0% | 4.84% |
| Non-U.S. Equity | 10.0% | 6.28% |
| Private Real Estate Property | 15.0% | 3.95% |
| Timber | 2.5% | 4.16% |
| | <u>100%</u> | |

Concentrations

The following investments have a fair value of more than 5% of the Town’s PERS.

| | |
|---------------------------------|-----|
| BR Russell 2500 Index | 11% |
| SSGA S&P 500 R Flagship NL Fund | 25% |
| Prime Property Fund LLC | 8% |
| U.S. Real Estate Inv Fund LLC | 11% |
| Ernest Partners International | 9% |

**TOWN OF STRATFORD, CONNECTICUT
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Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2020 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 316,495,066 |
| Plan fiduciary net position | <u>248,414,592</u> |
| Net Pension Liability | <u>\$ 68,080,474</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 78.49% |

F. Actuarial Assumptions

The total pension liability for the plan was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary increases | 4.00% for Police and Fire, rates that vary by age for all others |
| Investment rate of return | 6.75% |

Pension plan mortality rates were based on the RP-2000 Combined Healthy Mortality Table with generational projection per scale AA; other mortality assumptions apply to disabled lives and pre-retirement.

G. 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 plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

H. Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances as of July 1, 2019 | \$ 315,879,001 | \$ 258,826,783 | \$ 57,052,218 |
| Changes for the year: | | | |
| Service cost | 3,002,480 | | 3,002,480 |
| Interest on total pension liability | 20,756,191 | | 20,756,191 |
| Employer contributions | | 5,348,880 | (5,348,880) |
| Member contributions | | 1,281,613 | (1,281,613) |
| Net investment income | | 6,375,620 | (6,375,620) |
| Benefit payments, including refund of employee contributions | (23,142,606) | (23,142,606) | |
| Administrative expenses | | (275,698) | 275,698 |
| Net changes | <u>616,065</u> | <u>(10,412,191)</u> | <u>11,028,256</u> |
| Balances as of June 30, 2020 | \$ <u>316,495,066</u> | \$ <u>248,414,592</u> | \$ <u>68,080,474</u> |

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the current discount rate, 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 or 1 percentage point higher than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 101,667,917 | \$ 68,080,474 | \$ 39,958,139 |

**TOWN OF STRATFORD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Town recognized pension expense of \$8,088,571. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$ <u>4,301,580</u> | \$ <u>-</u> |

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

| <u>Year Ending June 30,</u> | |
|-----------------------------|---------------------|
| 2021 | \$ (1,426,755) |
| 2022 | 1,220,814 |
| 2023 | 2,407,316 |
| 2024 | <u>2,100,205</u> |
| Total | \$ <u>4,301,580</u> |

Connecticut Teachers Retirement System - Pension

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire 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.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**TOWN OF STRATFORD, CONNECTICUT
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Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$16,751,121 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

| | | |
|---|----|---------------------------|
| Town's proportionate share of the net pension liability | \$ | - |
| State's proportionate share of the net pension liability associated with the Town | | <u>221,298,534</u> |
| Total | \$ | <u><u>221,298,534</u></u> |

**TOWN OF STRATFORD, CONNECTICUT
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The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$27,179,232 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary increases | 3.25%-6.50%, including inflation |
| Investment rate of return | 6.90%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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The long-term expected rate of return on pension plan 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 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 current capital market assumptions and the target allocation as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

| <u>Asset Class</u> | <u>Expected Return</u> | <u>Target Allocation</u> | <u>Standard Deviation</u> |
|--|------------------------|--------------------------|---------------------------|
| Public Equity - US Equity | 8.10 | % 20.00 | % 17.00 |
| Public Equity - International Developed Equity | 8.50 | 11.00 | 19.00 |
| Public Equity - Emerging Markets Equity | 10.40 | 9.00 | 24.00 |
| Fixed Income - Core Fixed Income | 4.60 | 16.00 | 7.00 |
| Fixed Income - Inflation Linked Bonds | 3.60 | 5.00 | 7.00 |
| Fixed Income - High Yield | 6.50 | 6.00 | 11.00 |
| Fixed Income - Emerging Market Debt | 5.20 | 5.00 | 11.00 |
| Private Equity | 9.80 | 10.00 | 23.00 |
| Real Estate | 7.00 | 10.00 | 15.00 |
| Alternative Investments - Real Assets | 8.20 | 4.00 | 17.00 |
| Alternative Investments - Hedge Funds | 5.40 | 3.00 | 7.00 |
| Liquidity Fund | 2.90 | 1.00 | 1.00 |
| Total | | <u>100.00</u> % | |

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. 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.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town’s proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

H. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**TOWN OF STRATFORD, CONNECTICUT
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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. 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 year ended June 30, 2020 was \$1,566,594.

10. OTHER POST EMPLOYMENT BENEFITS PLAN

A. Plan Description

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The 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 stand-alone financial statements for the plan. At July 1, 2018, plan membership consisted of the following:

| | |
|----------------------------|---------------------|
| Active members | 967 |
| Retired members | 896 |
| Beneficiaries | 75 |
| Spouses of retired members | <u>289</u> |
| Total Participants | <u><u>2,227</u></u> |

B. 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.

**TOWN OF STRATFORD, CONNECTICUT
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Life Insurance:

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

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

Police

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

Medical Benefits:

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

Life Insurance:

\$5,000 until age 65.

Firefighters

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

Medical Benefits:

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

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

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

Public Works

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

Medical Benefits:

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

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

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

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

Life Insurance:

\$5,000 until age 65.

Supervisors

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

**TOWN OF STRATFORD, CONNECTICUT
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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.

**TOWN OF STRATFORD, CONNECTICUT
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Life Insurance:
 \$7,000

BOE Secretaries

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

Medical and Dental Benefits:

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

Life Insurance:

\$15,000.

BOE Teachers

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

Medical and Dental Benefits:

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

C. Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 6.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2020, were as follows:

| | |
|---|-----------------------|
| Total OPEB Liability | \$ 325,187,048 |
| Plan fiduciary net position | <u>5,923,076</u> |
| Net OPEB Liability | <u>\$ 319,263,972</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.82% |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|------------------------------|
| Inflation | 2.50% |
| Discount rate | 2.21% |
| Healthcare cost trend rates | 5.50% to 4.60% over 60 years |

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for nonannuitants and annuitants, projected to the valuation date with Scale AA, and separate tables for healthy and disabled lives.

The actuarial assumptions used in the July 1, 2018 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB 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 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 as of June 30, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|------------------------------|--------------------------|--|
| U.S. Core Fixed Income | 30% | 2.28% |
| U.S. Large Caps | 20% | 4.46% |
| U.S. Midcap Growth | 10% | 5.63% |
| U.S. Midcap Value | 10% | 4.64% |
| Non-U.S. Equity | 10% | 6.28% |
| Private Real Estate Property | 15% | 3.95% |
| Timber | 5% | 4.16% |
| | <u>100%</u> | |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Changes in OPEB Liability

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|----------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Balances as of July 1, 2019 | \$ 289,378,757 | \$ 5,494,362 | \$ 283,884,395 |
| Changes for the year: | | | |
| Service cost | 10,104,693 | | 10,104,693 |
| Interest on total OPEB liability | 10,321,280 | | 10,321,280 |
| Effect of assumptions/changes or inputs | 24,641,458 | | 24,641,458 |
| Employer contributions | | 9,310,404 | (9,310,404) |
| Net investment income | | 379,148 | (379,148) |
| Benefit payments, including refund of employee contributions | (9,259,140) | (9,259,140) | - |
| Administrative expenses | | (1,698) | 1,698 |
| Net changes | 35,808,291 | 428,714 | 35,379,577 |
| Balances as of June 30, 2020 | \$ 325,187,048 | \$ 5,923,076 | \$ 319,263,972 |

H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower, or 1 percentage point higher, than the current discount rate:

| | 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability | \$ 378,394,086 | \$ 319,263,972 | \$ 272,624,388 |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|-----------------------|--------------------|--|--------------------|
| Net OPEB Liability \$ | 262,996,423 | \$ 319,263,972 | \$ 393,188,355 |

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$21,854,879. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 8,821,711 | \$ 8,821,711 |
| Changes of assumptions | 28,745,353 | 4,531,505 |
| Net difference between projected and actual earnings on OPEB plan investments | <u>429,066</u> | <u>429,066</u> |
| Total | <u>\$ 28,745,353</u> | <u>\$ 13,782,282</u> |

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

Year Ending June 30,

| | |
|-------|------------------------|
| 2021 | \$ (1,640,790) |
| 2022 | (2,773,666) |
| 2023 | (4,552,017) |
| 2024 | (4,601,800) |
| 2025 | <u>(1,394,798)</u> |
| Total | <u>\$ (14,963,071)</u> |

Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$457,822 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**TOWN OF STRATFORD, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

| | |
|--|----------------------|
| Town's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>34,512,756</u> |
| Total | <u>\$ 34,512,756</u> |

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of (\$2,525,525) in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Health care costs trend rate | |
| Pre-Medicare | 5.95% decreasing to 4.75% by 2025 |
| Medicare | 5.00% decreasing to 4.75% by 2028 |
| Salary increases | 3.25-6.50%, including inflation |
| Investment rate of return | 3.00%, net of OPEB plan investment expense, including inflation |
| Year fund net position will be depleted | 2019 |

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

11. PENSION AND OPEB TRUST FUNDS COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

| | Pension Trust Fund | OPEB Trust Fund | Total |
|--|-----------------------------------|--------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets: | | | |
| Cash and cash equivalents | \$ 1,452,288 | \$ | \$ 1,452,288 |
| Investments: | | | |
| Mutual funds | 76,686,537 | 5,931,835 | 82,618,372 |
| Pooled, common and collective trusts | 88,921,755 | | 88,921,755 |
| Real estate investment funds | 58,200,304 | | 58,200,304 |
| Equity hedge funds | <u>23,153,708</u> | | <u>23,153,708</u> |
| Total assets | <u>248,414,592</u> | <u>5,931,835</u> | <u>254,346,427</u> |
| Liabilities: | | | |
| Accounts payable | | 2,215 | 2,215 |
| Due to other funds | | <u>6,544</u> | <u>6,544</u> |
| Total liabilities | <u>-</u> | <u>8,759</u> | <u>8,759</u> |
| Net Position: | | | |
| Restricted for Pension and OPEB Benefits | <u>\$ 248,414,592</u> | <u>\$ 5,923,076</u> | <u>\$ 254,337,668</u> |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Combining Schedule of Changes in Net Position - Trust Funds

| | Pension Trust Fund | OPEB Trust Fund | Total |
|---|-----------------------------------|--------------------------------|-----------------------|
| Additions: | | | |
| Contributions: | | | |
| Plan members | \$ 1,281,613 | \$ | \$ 1,281,613 |
| Employer | 5,348,880 | 9,310,404 | 14,659,284 |
| Total contributions | <u>6,630,493</u> | <u>9,310,404</u> | <u>15,940,897</u> |
| Investment income: | | | |
| Net appreciation in fair value of investments | 2,490,429 | 379,148 | 2,869,577 |
| Interest and dividends | 4,132,495 | | 4,132,495 |
| Total investment income | <u>6,622,924</u> | <u>379,148</u> | <u>7,002,072</u> |
| Investment fee | <u>(247,304)</u> | | <u>(247,304)</u> |
| Net investment income | <u>6,375,620</u> | <u>379,148</u> | <u>6,754,768</u> |
| Total additions | <u>13,006,113</u> | <u>9,689,552</u> | <u>22,695,665</u> |
| Deductions: | | | |
| Benefits | 23,142,606 | 9,259,141 | 32,401,747 |
| Other | 275,698 | 1,698 | 277,396 |
| Total deductions | <u>23,418,304</u> | <u>9,260,839</u> | <u>32,679,143</u> |
| Net Increase (Decrease) | (10,412,191) | 428,713 | (9,983,478) |
| Net Position - Beginning of Year | <u>258,826,783</u> | <u>5,494,363</u> | <u>264,321,146</u> |
| Net Position - End of Year | <u>\$ 248,414,592</u> | <u>\$ 5,923,076</u> | <u>\$ 254,337,668</u> |

12. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2020.

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The Town is self-insured for 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.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. The entire liability is considered to be a current liability because the Town has determined through past experience that materially all of the claims outstanding at year end are liquidated within the subsequent fiscal year. Changes in the claims liability for the past two years are as follows:

Health Benefit Fund:

| <u>Fiscal Year</u> | <u>Claims Payable July 1,</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Payment of Claims</u> | <u>Claims Payable June 30,</u> |
|--------------------|-------------------------------|---|--------------------------|--------------------------------|
| 2019 | \$ 677,000 | \$ 5,095,763 | \$ 5,026,763 | \$ 746,000 |
| 2020 | 746,000 | 3,764,217 | 3,915,217 | 595,000 |

Workers Compensation Fund:

| <u>Fiscal Year</u> | <u>Claims Payable July 1,</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Payment of Claims</u> | <u>Claims Payable June 30,</u> |
|--------------------|-------------------------------|---|--------------------------|--------------------------------|
| 2019 | \$ 12,604,317 | \$ 4,872,871 | \$ 4,539,730 | \$ 12,937,458 |
| 2020 | 12,937,458 | 3,694,714 | 3,648,817 | 12,983,355 |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

B. Contingent Liabilities and Commitments

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 \$1,00,000 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 which creates the Greater Bridgeport Regional Solid Waste Committee (Operating Committee) as a public body comprised of various southwest Connecticut municipalities for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste. Wheelabrator agreed to contract terms of \$61.22 per ton 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.

Federal and State Assistance Programs - Compliance Audits

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of year net position of the Governmental Activities, Business-Type Activities and the Waste Operating Fund as a result of the reallocation of the Net Pension Liability, Net OPEB Liability and the associated deferred inflows and outflows as well as the recognition of sewer usage unbilled revenue.

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Waste Operating Fund</u> |
|--|------------------------------------|-------------------------------------|---------------------------------|
| Net position at June 30, 2019, as previously reported | \$ (403,650,654) | \$ 17,478,781 | \$ 19,429,843 |
| Adjustments: | | | |
| Reallocate Net OPEB Liability | 6,122,715 | (6,122,715) | (6,122,715) |
| Reallocate Deferred Outflows of Resources related to OPEB | (238,467) | 238,467 | 238,467 |
| Reallocate Deferred Inflows of Resources related to OPEB | 408,249 | (408,249) | (408,249) |
| Reallocate Net Pension Liability | 1,728,920 | (1,728,920) | (1,728,920) |
| Reallocate Deferred Outflows of Resources related to Pension | (10,810) | 10,810 | 10,810 |
| Reallocate Deferred Inflows of Resources related to Pension | 131,632 | (131,632) | (131,632) |
| Sewer usage unbilled revenue adjustment | | <u>1,353,756</u> | <u>1,353,756</u> |
| Net position at July 1, 2019, as Restated | <u>\$ (395,508,415)</u> | <u>\$ 10,690,298</u> | <u>\$ 12,641,360</u> |

**TOWN OF STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

14. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and the future federal or state fiscal relief.

15. SUBSEQUENT EVENTS

On December 8, 2020, the Town issued \$29,105,000 of General Obligation Bonds. The bonds are due serially through July 2040, and have interest rates ranging from 3.0%-5.0%. Additionally, on December 8, 2020, the Town issued \$78,100,000 of federally taxable General Obligation Refunding Bonds. The refunding bonds are due serially through August 2034, and have interest rates ranging from 0.349%-2.461%. The Town also issued \$13,845,000 of General Obligation Bond Anticipation Notes on December 8, 2020. The notes are due December 16, 2021 and have an interest rate of 2%.

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|----------------------------------|--------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Property taxes: | | | | |
| Current levy | \$ 181,536,483 | \$ 181,536,483 | \$ 180,632,906 | \$ (903,577) |
| Arrears | 5,383,500 | 5,383,500 | 4,615,862 | (767,638) |
| Interest and lien fees | 551,500 | 551,500 | 584,011 | 32,511 |
| Tax refunds and adjustments | | | (249,749) | (249,749) |
| Payments in lieu of taxes | 200,000 | 200,000 | 241,940 | 41,940 |
| Total property taxes | <u>187,671,483</u> | <u>187,671,483</u> | <u>185,824,970</u> | <u>(1,846,513)</u> |
| Intergovernmental revenues: | | | | |
| State: | | | | |
| Education equalization grant | 22,905,952 | 22,905,952 | 22,990,569 | 84,617 |
| School bond principal | 58,617 | 58,617 | | (58,617) |
| School bond interest | 2,398 | 2,398 | | (2,398) |
| Special education | 2,500,000 | 2,500,000 | 2,137,669 | (362,331) |
| Veterans' additional relief | 145,000 | 145,000 | 101,833 | (43,167) |
| In lieu of State property tax | 213,514 | 213,514 | 213,514 | - |
| State disability exemption | 9,900 | 9,900 | 7,395 | (2,505) |
| Elderly freeze tax relief | 6,000 | 6,000 | | (6,000) |
| State Health CGS 10-217A | 83,530 | 83,530 | 68,057 | (15,473) |
| State telecom personal property | 145,000 | 145,000 | 85,284 | (59,716) |
| Municipal Grants-in-Aid | 3,507,689 | 3,507,689 | 4,682,925 | 1,175,236 |
| Airplane registration | 55,000 | 55,000 | 53,370 | (1,630) |
| Mashantucket grant | 30,567 | 30,567 | 30,567 | - |
| Total state | <u>29,663,167</u> | <u>29,663,167</u> | <u>30,371,183</u> | <u>708,016</u> |
| Federal: | | | | |
| Civil preparedness | 19,200 | 19,200 | | (19,200) |
| Payments in Lieu - Federal | 1,500 | 1,500 | 1,420 | (80) |
| Total federal | <u>20,700</u> | <u>20,700</u> | <u>1,420</u> | <u>(19,280)</u> |
| Total intergovernmental revenues | <u>29,683,867</u> | <u>29,683,867</u> | <u>30,372,603</u> | <u>688,736</u> |

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|------------------------------------|------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| Departmental revenues: | | | | |
| Education | \$ 80,500 | \$ 80,500 | \$ 95,770 | \$ 15,270 |
| Economic Development | | | 30,200 | 30,200 |
| Finance | 375,000 | 375,000 | 168,434 | (206,566) |
| Fire Department | 45,000 | 45,000 | 74,885 | 29,885 |
| Health Department | 103,250 | 103,250 | 120,301 | 17,051 |
| Conservation | 16,000 | 16,000 | 12,550 | (3,450) |
| Planning and Zoning | 160,000 | 160,000 | 113,448 | (46,552) |
| Police Department | 265,000 | 265,000 | 230,562 | (34,438) |
| Public Works | 564,900 | 564,900 | 514,201 | (50,699) |
| Recreation Department | 224,500 | 224,500 | 101,630 | (122,870) |
| Sanitation | 305,000 | 305,000 | 289,723 | (15,277) |
| Senior services | 6,500 | 6,500 | 5,120 | (1,380) |
| Town Attorney | | | 132,171 | 132,171 |
| Town Clerk | 1,134,359 | 1,134,359 | 1,148,728 | 14,369 |
| Total departmental revenues | <u>3,280,009</u> | <u>3,280,009</u> | <u>3,037,723</u> | <u>(242,286)</u> |
| Licenses and permits: | | | | |
| Building permits | 750,000 | 750,000 | 959,062 | 209,062 |
| Historic Commission Fees | | | 375 | 375 |
| Condo Rental Fees | | | 8,001 | 8,001 |
| Boothe Memorial Park permits | 38,000 | 38,000 | 12,413 | (25,587) |
| Street and sewer permits | 20,000 | 20,000 | 19,490 | (510) |
| Beach stickers/concessions | 105,000 | 105,000 | 64,846 | (40,154) |
| Total licenses and permits | <u>913,000</u> | <u>913,000</u> | <u>1,064,187</u> | <u>151,187</u> |
| Investment income | <u>1,200,000</u> | <u>1,200,000</u> | <u>931,490</u> | <u>(268,510)</u> |
| Other: | | | | |
| Miscellaneous rental: | | | | |
| Cell tower rentals | 162,000 | 162,000 | 165,554 | 3,554 |
| Baldwin rental | 3,000 | 3,000 | 655 | (2,345) |
| Recreation building rental | 16,000 | 16,000 | 345 | (15,655) |
| Beach house rental | | | 19,500 | 19,500 |
| Community services rental | | | 45,000 | 45,000 |
| Medical examination reimbursements | 16,000 | 16,000 | | (16,000) |
| Workers' compensation recovery | 50,000 | 50,000 | | (50,000) |

(Continued on next page)

TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--------------------------|-----------------------|-----------------------|------------------|------------------------------------|
| | Original | Final | | |
| Other (continued): | | | | |
| Other insurance recovery | \$ | \$ | \$ 12,309 | \$ 12,309 |
| Miscellaneous | 400,000 | 400,000 | 394,344 | (5,656) |
| Boothe Estates | 67,000 | 67,000 | 96,816 | 29,816 |
| Total other | <u>714,000</u> | <u>714,000</u> | <u>734,523</u> | <u>20,523</u> |
| Total revenues | 223,462,359 | 223,462,359 | 221,965,496 | (1,496,863) |
| Other financing sources: | | | | |
| Transfers in | <u>4,610,000</u> | <u>4,610,000</u> | <u>4,610,000</u> | <u>-</u> |
| Total | \$ <u>228,072,359</u> | \$ <u>228,072,359</u> | 226,575,496 | \$ <u>(1,496,863)</u> |

Budgetary revenues are different than GAAP revenues because:

| | |
|---|---------------|
| State of Connecticut pension on-behalf contributions related to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 16,751,121 |
| State of Connecticut OPEB on-behalf contributions related to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 457,822 |
| Revenues consolidated for GASB Statement No. 54 | <u>26,368</u> |

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

\$ 243,810,807

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|-------------------------|-------------------|-------------------|--------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Positive (Negative)</u> |
| Administration: | | | | |
| Council Clerk | \$ 86,804 | \$ 86,804 | \$ 70,439 | \$ 16,365 |
| Office of the Mayor | 289,083 | 289,083 | 293,099 | (4,016) |
| Human resources | 430,906 | 430,906 | 409,830 | 21,076 |
| Town Attorney | 1,752,587 | 1,752,587 | 1,439,401 | 313,186 |
| Chief Administrative Officer | 352,925 | 352,925 | 328,524 | 24,401 |
| Department of Planning | 380,134 | 380,134 | 376,126 | 4,008 |
| Registrar of Voters | 303,452 | 303,452 | 278,678 | 24,774 |
| Town Clerk | 382,898 | 382,898 | 372,452 | 10,446 |
| Town buildings | 1,439,500 | 1,439,500 | 1,139,005 | 300,495 |
| Agencies | 204,515 | 204,515 | 184,148 | 20,367 |
| Information Technology | 552,769 | 552,769 | 499,370 | 53,399 |
| Total | <u>6,175,573</u> | <u>6,175,573</u> | <u>5,391,072</u> | <u>784,501</u> |
| Contingency | <u>3,993,158</u> | <u>3,977,158</u> | <u>3,453,260</u> | <u>523,898</u> |
| Employee benefits | <u>32,629,632</u> | <u>32,629,632</u> | <u>32,586,641</u> | <u>42,991</u> |
| Finance: | | | | |
| Administration | 188,307 | 188,307 | 193,570 | (5,263) |
| Accounting | 569,678 | 569,678 | 463,465 | 106,213 |
| Purchasing | 238,715 | 238,715 | 289,951 | (51,236) |
| Tax Assessor | 524,849 | 524,849 | 435,793 | 89,056 |
| Tax Collector | 480,240 | 480,240 | 502,545 | (22,305) |
| Total | <u>2,001,789</u> | <u>2,001,789</u> | <u>1,885,324</u> | <u>116,465</u> |
| Human development: | | | | |
| Community services | 508,085 | 508,085 | 513,964 | (5,879) |
| Economic Community Development | 258,130 | 258,130 | 227,039 | 31,091 |
| Health Department | 733,566 | 749,566 | 757,063 | (7,497) |
| Recreation Department | 743,489 | 743,489 | 704,743 | 38,746 |
| Senior Services | 567,914 | 567,914 | 554,393 | 13,521 |
| Sterling House | 171,950 | 171,950 | 171,950 | - |
| Stratford Library Association | 3,255,459 | 3,255,459 | 3,124,114 | 131,345 |
| Visiting Nurses Association | 53,500 | 53,500 | 53,500 | - |
| Total | <u>6,292,093</u> | <u>6,308,093</u> | <u>6,106,766</u> | <u>201,327</u> |

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Physical development: | | | | |
| Public works: | | | | |
| Administration | \$ 636,272 | \$ 636,272 | \$ 630,460 | \$ 5,812 |
| Building inspection | 262,706 | 262,706 | 256,785 | 5,921 |
| Building maintenance | 2,165,922 | 2,165,922 | 1,893,806 | 272,116 |
| Engineering | 364,591 | 364,591 | 298,025 | 66,566 |
| Parks | 2,791,333 | 2,791,333 | 2,673,064 | 118,269 |
| Highways | 2,692,020 | 2,692,020 | 2,761,800 | (69,780) |
| Town garage | 799,975 | 799,975 | 798,887 | 1,088 |
| Sanitation/refuse | 4,795,201 | 4,795,201 | 4,956,300 | (161,099) |
| Total | <u>14,508,020</u> | <u>14,508,020</u> | <u>14,269,127</u> | <u>238,893</u> |
| Public safety: | | | | |
| Fire Department: | | | | |
| Administration | 388,252 | 388,252 | 377,587 | 10,665 |
| Fire suppression | 12,301,221 | 12,301,221 | 12,462,046 | (160,825) |
| Fire prevention | 431,830 | 431,830 | 449,997 | (18,167) |
| Communications center | 1,289,870 | 1,289,870 | 1,192,703 | 97,167 |
| Police Department: | | | | |
| Administration | 704,218 | 704,218 | 679,209 | 25,009 |
| Investigation | 2,053,385 | 2,053,385 | 2,244,588 | (191,203) |
| Patrol | 6,682,846 | 6,682,846 | 7,223,328 | (540,482) |
| Traffic | 689,399 | 689,399 | 680,909 | 8,490 |
| Professional Standards | 652,987 | 652,987 | 712,274 | (59,287) |
| Police records | 427,090 | 427,090 | 373,437 | 53,653 |
| Total | <u>25,621,098</u> | <u>25,621,098</u> | <u>26,396,078</u> | <u>(774,980)</u> |
| Board of Education | <u>115,010,146</u> | <u>115,010,146</u> | <u>113,760,164</u> | <u>1,249,982</u> |
| Debt service: | | | | |
| Bonds payable: | | | | |
| Principal and interest | <u>21,097,202</u> | <u>21,097,202</u> | <u>20,526,454</u> | <u>570,748</u> |
| Total | <u>21,097,202</u> | <u>21,097,202</u> | <u>20,526,454</u> | <u>570,748</u> |
| Total expenditures | <u>227,328,711</u> | <u>227,328,711</u> | <u>224,374,886</u> | <u>2,953,825</u> |

(Continued on next page)

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-----------------------|-------------------------|-----------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Other financing uses: | | | | |
| Transfers out | \$ <u>743,648</u> | \$ <u>743,648</u> | \$ <u>743,648</u> | \$ <u>-</u> |
| Total | \$ <u>228,072,359</u> | \$ <u>228,072,359</u> | 225,118,534 | \$ <u>2,953,825</u> |

Budgetary expenditures are different than GAAP expenditures because:

| | |
|--|------------------|
| State of Connecticut pension on-behalf contributions relative to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 16,751,121 |
| State of Connecticut OPEB on-behalf contributions relative to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 457,822 |
| 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 | 163,235 |
| Transfers consolidated for GASB Statement No. 54 | (618,648) |
| Expenditures consolidated for GASB Statement No. 54 | <u>1,081,266</u> |

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

\$ 242,953,330

TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION
LAST SEVEN FISCAL YEARS*
(In Thousands)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total pension liability: | | | | | | | |
| Service cost | \$ 3,739 | \$ 3,386 | \$ 3,338 | \$ 3,169 | \$ 3,143 | \$ 3,009 | \$ 3,003 |
| Interest | 19,881 | 19,991 | 20,161 | 20,268 | 20,662 | 20,644 | 20,756 |
| Effect of economic/demographic gains or losses | (462) | (1,301) | 1,019 | 4,548 | (1,327) | 1,070 | - |
| Benefit payments | <u>(20,286)</u> | <u>(20,807)</u> | <u>(21,504)</u> | <u>(22,019)</u> | <u>(22,252)</u> | <u>(22,967)</u> | <u>(23,143)</u> |
| Net change in total pension liability | 2,872 | 1,269 | 3,014 | 5,966 | 226 | 1,756 | 616 |
| Total pension liability - beginning | 300,776 | 303,648 | 304,917 | 307,931 | 313,897 | 314,123 | 315,879 |
| Total pension liability - ending | <u>303,648</u> | <u>304,917</u> | <u>307,931</u> | <u>313,897</u> | <u>314,123</u> | <u>315,879</u> | <u>316,495</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | 162,209 | 5,221 | 5,393 | 5,385 | 5,644 | 5,400 | 5,349 |
| Contributions - member | 1,683 | 1,578 | 1,661 | 1,447 | 1,387 | 1,309 | 1,282 |
| Net investment income (loss) | 26,333 | 9,918 | (1,004) | 28,887 | 22,479 | 15,456 | 6,376 |
| Benefit payments, including refunds of member contributions | <u>(20,286)</u> | <u>(20,807)</u> | <u>(21,504)</u> | <u>(22,019)</u> | <u>(22,252)</u> | <u>(22,967)</u> | <u>(23,143)</u> |
| Administrative expense | <u>(239)</u> | <u>(400)</u> | <u>(264)</u> | <u>(295)</u> | <u>(305)</u> | <u>(326)</u> | <u>(276)</u> |
| Net change in plan fiduciary net position | 169,700 | (4,490) | (15,718) | 13,405 | 6,953 | (1,128) | (10,412) |
| Plan fiduciary net position - beginning | 90,105 | 259,805 | 255,315 | 239,597 | 253,002 | 259,955 | 258,827 |
| Plan fiduciary net position - ending | <u>259,805</u> | <u>255,315</u> | <u>239,597</u> | <u>253,002</u> | <u>259,955</u> | <u>258,827</u> | <u>248,415</u> |
| Net Pension Liability - Ending | <u>\$ 43,843</u> | <u>\$ 49,602</u> | <u>\$ 68,334</u> | <u>\$ 60,895</u> | <u>\$ 54,168</u> | <u>\$ 57,052</u> | <u>\$ 68,080</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 85.56% | 83.73% | 77.81% | 80.60% | 82.76% | 81.94% | 78.49% |
| Covered payroll | \$ 22,771 | \$ 22,237 | \$ 20,317 | \$ 19,912 | \$ 18,756 | \$ 18,713 | \$ 17,810 |
| Net pension liability as a percentage of covered payroll | 192.54% | 223.06% | 336.34% | 305.82% | 288.80% | 304.88% | 382.26% |

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

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION
LAST TEN FISCAL YEARS**

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|------------------|------------------|-------------------|-------------------------|--------------------|---------------------|------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 8,526,398 | \$ 8,521,128 | \$ 10,264,676 | \$ 12,720,477 | \$ 5,185,559 | \$ 5,212,079 | \$ 5,470,701 | \$ 5,830,217 | \$ 6,088,400 | \$ 6,241,601 |
| Contributions in relation to the actuarially determined contribution | <u>8,526,398</u> | <u>8,493,774</u> | <u>9,778,500</u> | <u>162,209,000</u> | <u>5,220,969</u> | <u>5,393,200</u> | <u>5,385,385</u> | <u>5,643,634</u> | <u>5,399,899</u> | <u>5,348,880</u> |
| Contribution Deficiency (Excess) | \$ <u>-</u> | \$ <u>27,354</u> | \$ <u>486,176</u> | \$ <u>(149,488,523)</u> | \$ <u>(35,410)</u> | \$ <u>(181,121)</u> | \$ <u>85,316</u> | \$ <u>186,583</u> | \$ <u>688,501</u> | \$ <u>892,721</u> |
| Covered payroll | \$ 24,238,011 | \$ 23,991,550 | \$ 23,551,913 | \$ 22,770,569 | \$ 22,237,216 | \$ 20,317,247 | \$ 19,912,480 | \$ 18,755,885 | \$ 18,713,339 | \$ 17,809,917 |
| Contributions as a percentage of covered payroll | 35.18% | 35.40% | 41.52% | 712.36% | 23.48% | 26.54% | 27.05% | 30.09% | 28.86% | 30.03% |

Notes to Schedule

Valuation date: July 1, 2018
Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll, Closed |
| Remaining amortization period | 16 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 4% for Police and Fire; rates vary by age for all others |
| Investment rate of return | 6.75% |
| Retirement age | Rates vary by length of service for Police and Fire; rates vary by age for all others |
| Mortality | Based on RP-2000 Combined Healthy Mortality with generational projection Scale AA |

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION
LAST SEVEN FISCAL YEARS***

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 13.03% | 3.91% | -0.40% | 12.38% | 9.11% | 6.11% | 2.53% |

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

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SIX FISCAL YEARS***

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Town's proportion of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the Town | <u>127,624,060</u> | <u>138,076,507</u> | <u>179,093,051</u> | <u>169,755,214</u> | <u>170,634,027</u> | <u>221,298,534</u> |
| Total | <u>\$ 127,624,060</u> | <u>\$ 138,076,507</u> | <u>\$ 179,093,051</u> | <u>\$ 169,755,214</u> | <u>\$ 170,634,027</u> | <u>\$ 221,298,534</u> |
| Town's covered payroll | \$ 47,921,000 | \$ 49,711,000 | \$ 51,654,000 | \$ 53,337,000 | \$ 53,913,000 | \$ 56,384,995 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.51% | 59.50% | 52.26% | 55.93% | 57.69% | 52.00% |

Notes to Schedule

| | |
|---------------------------------------|---|
| Changes in benefit terms | <p>HB 7424 made the following provision changes:</p> <ul style="list-style-type: none"> - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary. |
| Changes of assumptions | <p>HB 7424 made the following assumption changes:</p> <ul style="list-style-type: none"> - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation. |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of pay, closed |
| Single equivalent amortization period | 17.6 years |
| Asset valuation method | 4-year smoothed market |
| Inflation | 2.75% |
| Salary increase | 3.25%-6.50%, including inflation |
| Investment rate of return | 8.00%, net of investment related expense |

*Notes - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.
Amounts are determined as of one year prior to the reporting date

TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST FOUR FISCAL YEARS*

(In Thousands)

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability: | | | | |
| Service cost | \$ 10,903 | \$ 9,287 | \$ 9,059 | \$ 10,105 |
| Interest | 8,890 | 10,221 | 10,954 | 10,321 |
| Economic/demographic (gains) or losses | | | (13,465) | |
| Changes of assumptions | (36,171) | (13,028) | 13,360 | 24,641 |
| Benefit payments | (8,447) | (8,427) | (8,968) | (9,259) |
| Net change in total OPEB liability | <u>(24,825)</u> | <u>(1,947)</u> | <u>10,940</u> | <u>35,808</u> |
| Total OPEB liability - beginning | <u>305,210</u> | <u>280,385</u> | <u>278,438</u> | <u>289,378</u> |
| Total OPEB liability - ending | <u>280,385</u> | <u>278,438</u> | <u>289,378</u> | <u>325,186</u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | 8,497 | 8,477 | 9,018 | 9,310 |
| Net investment income | 611 | 573 | 433 | 379 |
| Benefit payments | (8,447) | (8,427) | (8,968) | (9,259) |
| Administrative expense | (2) | (43) | (11) | (2) |
| Net change in plan fiduciary net position | <u>659</u> | <u>580</u> | <u>472</u> | <u>428</u> |
| Plan fiduciary net position - beginning | <u>3,784</u> | <u>4,443</u> | <u>5,023</u> | <u>5,495</u> |
| Plan fiduciary net position - ending | <u>4,443</u> | <u>5,023</u> | <u>5,495</u> | <u>5,923</u> |
| Net OPEB Liability - Ending | <u>\$ 275,942</u> | <u>\$ 273,415</u> | <u>\$ 283,884</u> | <u>\$ 319,264</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.58% | 1.80% | 1.90% | 1.82% |
| Covered payroll | \$ 71,201 | \$ 71,201 | \$ 71,201 | \$ 79,532 |
| Net OPEB liability as a percentage of covered payroll | 387.55% | 384.00% | 398.71% | 401.43% |

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

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution (1) | \$ 14,651,000 | \$ 10,901,300 | \$ 11,643,400 | \$ 13,330,000 | \$ 20,482,200 | \$ 19,699,700 | \$ 21,050,753 | \$ 20,679,264 | \$ 22,133,340 | \$ 23,177,582 |
| Contributions in relation to the actuarially determined contribution | 5,339,800 | 6,518,400 | 7,012,000 | 3,076,900 | 7,635,300 | 8,139,200 | 8,496,506 | 8,477,088 | 9,017,976 | 9,310,404 |
| Contribution Deficiency | \$ 9,311,200 | \$ 4,382,900 | \$ 4,631,400 | \$ 10,253,100 | \$ 12,846,900 | \$ 11,560,500 | \$ 12,554,247 | \$ 12,202,176 | \$ 13,115,364 | \$ 13,867,178 |
| Covered payroll | \$ N/A | \$ N/A | \$ N/A | \$ N/A | \$ 75,985,000 | \$ 75,985,000 | \$ 71,200,894 | \$ 71,200,894 | \$ 79,531,950 | \$ 79,531,950 |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A | N/A | 10.05% | 10.71% | 11.93% | 11.91% | 11.34% | 11.71% |

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2018

Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Amortization period | 19 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.50% |
| Healthcare cost trend rates | 5.50 %, 4.40% over 65 years |
| Salary increases | 4.0% for Police and Fire, graded by age for teachers and administrators, 3.0% for all others |
| Investment rate of return | 3.50% |
| Retirement age | Retirement ages and rates vary |
| Mortality | Teachers and Administrators: RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. All others pre-retirement: 1994 Group Annuity Mortality. 80% of deaths among active Firefighters and Police are assumed to occur in the line of duty. 5% of deaths among all others are assumed to occur in the line of duty. All others post-retirement: RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA, with separate tables for males and females. |

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST FOUR FISCAL YEARS***

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 15.98% | 12.83% | 8.54% | 6.84% |

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

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS***

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|----------------------|----------------------|----------------------|
| Town's proportion of the net OPEB liability | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net OPEB liability | \$ - | \$ - | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>43,693,067</u> | <u>34,110,853</u> | <u>34,512,756</u> |
| Total | <u>\$ 43,693,067</u> | <u>\$ 34,110,853</u> | <u>\$ 34,512,756</u> |
| Town's covered payroll | \$ 53,337,000 | \$ 53,913,000 | \$ 56,384,995 |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.79% | 1.49% | 2.08% |

Notes to Schedule

| | |
|-------------------------------|--|
| Changes in benefit terms | The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date. |
| Changes of assumptions | Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased. |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of payroll over an open period |
| Remaining amortization period | 30 years |
| Asset valuation method | Fair value of assets |
| Investment rate of return | 3.00%, net of investment related expense including price inflation |
| Price inflation | 2.75% |

*Notes - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.
Amounts are determined as of one year prior to the reporting date

APPENDIX B - FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS

March 15, 2022

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 \$12,245,000 General Obligation Bond Anticipation Notes, Issue of 2022, dated March 15, 2022 and maturing May 17, 2022 (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 March 15, 2022 (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 have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Notes and we express no opinion relating thereto.

We are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, 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 be excluded from 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 and court decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Notes is excluded from 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 other federal income tax consequences caused by 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 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.

Respectfully,

PULLMAN & COMLEY, LLC

Tax Matters

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Notes is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel's opinion with respect to 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 Notes in order that interest on 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 Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of 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 the Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of 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 Notes.

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

Other Federal Tax Matters. Prospective purchasers of the Notes should be aware that ownership of 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 Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, 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.

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

Owners of 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 Notes.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Notes should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

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

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 Notes. Prospective owners of 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 Notes.

APPNEDIX C - NOTICE OF SALE

NOTICE OF SALE TOWN OF STRATFORD, CONNECTICUT

\$12,245,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2022 **Dated March 15, 2022: Due May 17, 2022**

ELECTRONIC BIDS via **PARITY**[®] and bids by TELEPHONE (as described herein) will be received by the **TOWN OF STRATFORD, CONNECTICUT** (the "Town") by Bill Lindsay, Managing Director, Munistat Services, Inc., as Agent for the Town, at (203) 421-2880 until 11:00 A.M. (Eastern Time) on **WEDNESDAY,**

March 2, 2022

(the "Bid Date") for the purchase of the above-captioned **TOWN OF STRATFORD** General Obligation Bond Anticipation Notes, Issue of 2022 (the "Notes") which mature on May 17, 2022.

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to 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 pursuant to Connecticut General Statutes, as amended. The Notes will be dated March 15, 2022 and will be payable to the registered owners on May 17, 2022. They will be issued in minimum denominations of \$100,000 or multiples of \$1,000 in excess thereof. Denominations of less than \$100,000 will not be made available. The Notes will bear interest (computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes are NOT subject to redemption prior to maturity.

Bid Requirements

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Town, as described under "Award, Delivery and Payment" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Telephone Bidding Procedures

Telephone bids for the purchase of the Notes will be received until 11:00 A.M. (Eastern Time) on behalf of the Town by the Town's Municipal Advisor at (203) 421-2880. All bids must be completed by 11:00 A.M. (Eastern Time) on Wednesday, March 2, 2022. Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town through its agent or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town through its agent by the time required. A bid received after the time specified, as determined in the Town's sole discretion, will not be reviewed or honored by the Town.

A proposal may be for all or any part of the Notes, but any proposal for a part must be for at least \$100,000 or multiples of \$1,000 in excess thereof. Denominations of less than \$100,000 will not be made available. A separate proposal will be required for each part of the Notes for which a separate stated interest rate is bid.

Award, Delivery and Payment

Unless all bids are rejected, the Notes will be awarded on the basis of the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom any premium offered. As between proposals resulting in the same lowest net interest cost, the award will be made on the basis of the highest principal amount of the Notes specified. In the event that two or more bidders offer bids at the same lowest net interest cost and the same principal amount, the Town will determine by lot which of such bidders will be awarded the Notes. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder(s) all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the net interest cost shall be the same as in the bidder's proposal with respect to the amount bid, carried to four places. The purchase price must be paid in Federal Funds.

Bids will be finally accepted or rejected promptly after opening and not later than 1:00 P.M. Eastern Time on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel. Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed "issue price" certificate, in the form annexed hereto as **Exhibit A**, regarding public offering prices with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price." The successful bidder will also be furnished with a receipt of payment for the Notes, a Signature and No Litigation Certificate, dated as of the date of delivery of the Notes, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them.

The Notes will **NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

It is expected that the Notes will be delivered to The Depository Trust Company (“DTC”) on or about March 15, 2022 against payment in immediately available Federal Funds. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Notes prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute a cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. However, such certificate may indicate that the winning bidder has purchased the Notes (or a portion thereof) for its own account in a capacity other than as an Underwriter, and currently has no intent to reoffer the Notes for sale to the Public (as defined below). For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

By submitting a bid, each bidder is certifying that (i) it is an underwriter with an established industry reputation for underwriting municipal bonds, and (ii) its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the Competitive Sale Rule, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds. Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.

The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met.

In the event that the Competitive Sale Rule is not satisfied, the Town shall treat the first price at which 10% of the Notes (the “Actual Sale Rule”) are sold to the Public as the issue price of the Notes. In such event, the winning bidder shall promptly advise the Town if the Notes satisfy the Actual Sale Rule as of the Bid Date.

To satisfy the Actual Sale Rule for the Notes, the winning bidder:

- (1) will make a bona fide offering to the Public of all of the Notes at the Initial Offering Price and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (2) will report to the Town information regarding the actual prices at which at least 10% of the Notes have been sold to the Public,

- (3) will provide the Town with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Notes, will continue until such date that 10% of the Notes has been sold to the Public at such sale price, and
- (4) has or will include within any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, language obligating each Underwriter to comply with the reporting requirement described above.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) “*Related Party*” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

Right to Reject Bids; Waiver

The Town reserves the right to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Postponement; Change of Terms

The Town reserves the right to alter any terms of the Notes or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry

Subject to the paragraph below, the Notes will be issued by means of a book-entry system with no physical distribution of certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$100,000 or multiples of \$1,000 in excess thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The successful bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to Participants of DTC will be the responsibility of DTC. Principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered Note certificates directly to the Beneficial Owners of the Notes or their nominees.

Option for No Book Entry

A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Town any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated.

No Continuing Disclosure or Official Statement

Since the Notes mature not more than nine months from the date of issue and are in denominations of \$100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Town will not provide an official statement nor enter into a Continuing Disclosure Agreement with respect to the Notes.

Additional Information

More information regarding this issue and the Town may be obtained from Bill Lindsay, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (203) 421-2880).

LAURA R. HOYDICK
Mayor

DAWN M. SAVO
Finance Director

February 23, 2022

EXHIBIT A
ISSUE PRICE CERTIFICATE

TOWN OF STRATFORD, CONNECTICUT
\$12,245,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2022
DATED: MARCH 15, 2022

The undersigned, on behalf of _____ (“_____”), hereby certifies as set forth below with respect to the sale of the \$12,245,000 General Obligation Bond Anticipation Notes, dated March 15, 2022 (the “Notes”), being issued by the Town of Stratford, Connecticut (the “Issuer”).

1. **Due Authorization.** The undersigned is a duly authorized representative of _____ which has purchased the Notes.

2. **Purchase Price.** The Issuer sold to _____, for delivery on March 15, 2022 (the “Issue Date”), the Notes at a price of par (\$12,245,000), plus an aggregate net premium of \$ _____, resulting in an aggregate net purchase price of \$ _____.

3. **Reasonably Expected Initial Offering Price.**

- a. As of March 2, 2022 (the “Sale Date”), the reasonably expected initial offering price of the Notes to the Public by _____ is _____% (the “Expected Offering Price”). The Expected Offering Price is the price for the Notes used by _____ in formulating its bid to purchase the Notes.
- b. _____ was not given the opportunity to review other bids prior to submitting its bid.
- c. The bid submitted by _____ constituted a firm offer to purchase the Notes.

4. **Definitions.**

- a. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- b. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

5. **Nature of Representations and Information.** The undersigned understands that the Issuer may rely on the foregoing representations in making its certification as to issue price of the Notes under the Internal Revenue Code of 1986, as amended (the “Code”) and with respect to compliance with the federal income tax rules affecting the Notes. Pullman & Comley, LLC may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Notes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Notes. Nothing in this certificate represents our interpretation of any laws, including specifically Sections 103 and 148 of the Code and the Treasury Regulations thereunder. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the ___ day of March, 2022.

[_____]

By: _____
Name:
Title: