

TOWN OF STAFFORD, CONNECTICUT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Finance
Town of Stafford, 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 Stafford, Connecticut as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Stafford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor considers 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 Stafford, Connecticut, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 and the information on pages 60-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board,

who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020, on our consideration of the Town of Stafford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stafford, Connecticut's internal control over financial reporting and compliance.

O'Connell, Pace, + Company PC

O'CONNELL, PACE & COMPANY, P.C.
Certified Public Accountants
Hartford, CT

March 25, 2020

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Our discussion and analysis of the Town of Stafford's (the "Government") financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

This fiscal year was an interesting one, with the Governor increasing the municipal aid for Education Cost Sharing funds mandating an increase to the Board of Education appropriation of \$239,655. As mentioned in past years, the infrastructure and building projects that had been postponed or delayed have become priorities and the Town has secured funds to start completing some long overdue projects, including two bridges. One project that the Board of Education has started was the replacement of the underground oil tank and they have received a grant from the State of Connecticut to reimburse the general fund for 71.43% of the cost of replacement. Per Exhibit 4, our local sources of revenue have increased by \$722,165, mainly due to the sale of town-owned property and the permits required for construction of new businesses along the Route 190 corridor. Due to the increased appropriations for the Board of Education and the oil tank replacement, the expenditures exceeded the revenue by \$161,809.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. 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 Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the Government.

Reporting the Government as a Whole

Our analysis of the Government as a whole begins with Exhibit 1. One of the most important questions asked about the Government's finances is, "Is the Government as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Government as a whole and about its activities in a way that helps answer this question. 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 Government's *net position* and changes in them. You can think of the Government's net position—the difference between assets and liabilities—as one way to measure the Government's financial health, or *financial position*. Over time, *increases or decreases* in the Government's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Government's property tax base and the condition of the Government's roads, to assess the *overall health* of the Government.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

In the Statement of Net Position and the Statement of Activities, the Government shows the following activity:

- Governmental activities—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.
- Business-type activities—The Government charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Government's Water Pollution Control Authority's operations are reported here.

Reporting the Government's Most Significant Funds

Our analysis of the Government's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Government as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Government's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

- *Governmental funds*—The Government'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 Government'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 Government's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds*—When the Government charges customers for the services it provides—whether to outside customers or to other units of the Government—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 Government's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Government as Trustee

The Government is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Government. The Government's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Statement 15. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

THE GOVERNMENT AS A WHOLE

The Government's change in net position increased by \$958,252 from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

	Governmental		Table 1 Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	18,434,030	15,878,999	1,813,730	2,454,191	20,247,760	18,333,190
Capital Assets	117,231,050	118,725,896	1,720,952	1,410,154	118,952,002	120,136,050
Deferred Outflows	1,426,561	1,886,473	44,189	57,108	1,470,750	1,943,581
Total Assets	137,091,641	136,491,368	3,578,871	3,921,453	140,670,512	140,412,821
Deferred Inflows	236,482	45,942	17,766	21,060	254,248	67,002
Long-term liabilities outstanding	45,027,041	41,645,595	313,116	279,654	45,340,157	41,925,249
Other liabilities	5,863,508	7,446,302	8,826	738,348	5,872,334	8,184,650
Total Liabilities	51,127,031	49,137,839	339,708	1,039,062	51,466,739	50,176,901
Net position:						
Invested in capital assets, net of related debt	83,751,429	85,547,454	1,720,952	1,410,154	85,472,381	86,957,608
Restricted for:						
Expendable	3,903,732	3,737,505	0	0	3,903,732	3,737,505
Nonexpendable	198,537	199,601	0	0	198,537	199,601
Unrestricted	(1,889,087)	(2,131,031)	1,518,211	1,472,237	(370,876)	(658,794)
Total Net Position	85,964,611	87,353,529	3,239,163	2,882,391	89,203,774	90,235,920

Current assets for governmental activities increased by \$2,555,031, mainly due to the balance of investments and cash as of June 30, 2019, which includes the infrastructure project funds of \$2,089,073.

The capital assets for the governmental activities increased by \$1,318,085. This is due to the new construction in progress for multiple projects.

The increase in long-term liabilities of \$3,381,446 is the net effect of a General Obligation Bond issue of 2018 of \$4,790,000, less the debt service payments made.

The increase in governmental activities restricted net position of \$166,227 is due to amounts currently restricted for Public Works and General Government. Also, the decrease in the negative unrestricted net position of \$958,252 is primarily due to the increase in charges for services received by the Town.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The Business-Type Activities decrease in current assets is attributable to the amount spent for capital assets and repairs and maintenance of infrastructure. The increase in user fees has allowed the Water Pollution Control Authority to have an operating profit for the past five years of \$219,598, \$35,721, \$251,421, \$327,802, and \$206,472, respectively.

	Table 2					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Service	3,688,458	3,434,265	1,661,113	1,724,907	5,349,571	5,159,172
Operating Grants and Contributions	18,808,470	15,584,452	0	0	18,808,470	15,584,452
Capital Grants and Contributions	0	0	0	0	0	0
	<u>22,496,928</u>	<u>19,018,717</u>	<u>1,661,113</u>	<u>1,724,907</u>	<u>24,158,041</u>	<u>20,743,624</u>
General Revenues						
Property Taxes	27,523,458	26,723,225	0	0	27,523,458	26,723,225
Other Taxes	0	0	0	0	0	0
Investment Earnings	75,230	59,638	5,052	3,635	80,282	63,273
Grants & Contributions-unrestricted	769,524	990,830	0	0	769,524	990,830
Other	771,183	669,092	0	0	771,183	669,092
Special Revenues:						
Net Unrealized Gain (Loss) on Stocks	69,378	56,289	0	0	69,378	56,289
Gain on Sale of Assets	197,400	0	0	0	197,400	0
Total Revenues	<u>51,903,101</u>	<u>47,517,791</u>	<u>1,666,165</u>	<u>1,728,542</u>	<u>53,569,266</u>	<u>49,246,333</u>
Expenses:						
General Government	6,264,615	6,281,804	0	0	6,264,615	6,281,804
Public Safety	2,107,147	1,828,109	0	0	2,107,147	1,828,109
Public Works	3,259,145	3,307,523	0	0	3,259,145	3,307,523
Social Services and Health	742,572	835,689	0	0	742,572	835,689
Parks and Recreation	564,580	688,555	0	0	564,580	688,555
Planning and Zoning	3,065	2,601	0	0	3,065	2,601
Sundry	1,182,619	1,014,199	0	0	1,182,619	1,014,199
Education	38,265,003	35,275,268	0	0	38,265,003	35,275,268
Interest on Long-Term Debt	903,273	631,213	0	0	903,273	631,213
Sewer	0	0	1,446,567	1,692,821	1,446,567	1,692,821
Total Expenses	<u>53,292,019</u>	<u>49,864,961</u>	<u>1,446,567</u>	<u>1,692,821</u>	<u>54,738,586</u>	<u>51,557,782</u>
Increase(Decrease) in Net Postion	<u>(1,388,918)</u>	<u>(2,347,170)</u>	<u>219,598</u>	<u>35,721</u>	<u>(1,169,320)</u>	<u>(2,311,449)</u>

Increase in operating grants of \$3,224,018 is based on the behalf of payments for the State of CT Teachers Retirement and OPEB.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Increase in education expenses of \$2,989,735 is mainly due to the increase in the OPEB on behalf of payments for the State of CT Teachers Retirement information.

THE GOVERNMENT'S FUNDS

In Exhibit 4, the Town actually has an increase in the change of total governmental funds of \$1,701,229. The difference between the Exhibit 4 increase and the Governmental Activities decrease of \$1,388,918 is attributable to the accounting for capital assets, certain revenues, as well as long-term liabilities a detailed in Exhibit 4a.

In addition, these other changes in fund balances should be noted:

- The Town had an increase in the Infrastructure Fund of \$2,089,973, due to the timing of the funds received and ability to start the projects.
- The Net Change in Fund Balance for the General Fund was a decrease of \$247,214. Due to the appropriations of the additional MBR for the Board of Education and the project for replacing the underground oil tank at the West Stafford School.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Government budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Revenues	Final Budget	Actual	Variance
Property Taxation	\$ 27,997,715	\$ 27,207,773	\$ (789,942)
Intergovernmental - Other	1,522,346	1,192,888	(329,458)
Local Sources	1,668,301	2,223,970	555,669
Investment Income	30,000	69,508	39,508
Intergovernmental - Education	9,700,751	9,703,723	2,972
Tuition Received	10,000	17,303	7,303
Other Financing Sources	2,727,000	7,946,595	5,219,595
Total Revenues	43,656,113	48,361,760	4,705,647
Expenditures			
General Government	4,028,811	3,905,315	123,496
Public Safety	2,123,899	2,105,803	18,096
Health	720,373	708,650	11,723
Highways and Bridges	2,167,607	1,993,999	173,608
Parks and Recreation	788,386	755,212	33,174
Planning and Zoning	3,915	3,065	850
Sundry	390,077	384,789	5,288
Education	27,898,655	27,874,771	23,884
Stafford Public Library	542,109	541,774	335
Debt Service	2,200,810	7,407,373	(5,206,563)
Other Financing Uses	2,737,073	2,490,778	246,295
Total Expenses	43,601,715	48,171,529	(4,569,814)
Increase(Decrease) in Net Postion	\$ 54,398	\$ 190,231	\$ 135,833

Significant variances are summarized as follows:

- The Town increased local sources of revenue of \$555,669. This offset the reduced intergovernmental grants we anticipated
- The variance in the Highways and Bridges is mainly due to unavailability of the LOCIP grant estimated by the State of Connecticut of \$111,207. The funds were frozen in December 2016 and were recently released in November 2017 and the Town has applied for this funding as of June 30, 2019, with the intention to be used for a couple of bridge projects.
- The Board of Education had a savings of \$23,884.
- The General Government savings is attributable to reduced fixed charges and salaries.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had a net increase in the capital assets of \$1,318,015. This is attributable mainly to the construction in progress on multiple projects started. More detailed information about the Government's capital assets is presented in Note 3D to the financial statements.

Debt

At year end, the Government had \$15,356,648 in General Obligation Bonds and a bond anticipation note of \$2,685,000. This is an increase of \$1,041,165 from last year due to the new infrastructure projects we are undertaking. The Government's general obligation bond rating continues to carry an A1 rating. The Town was reviewed by Moody's Investor Services in December 2017 after the Governor made cuts to school funding and maintained the A1 rating. More detailed information about the Government's long-term liabilities is presented in note 3E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town has budgeted the 19-20 year with less anticipated state aid and more local services. With the water line extended on Route 190, new businesses have increased our grand list and revenues for permits. However, with the additional crumbling foundations that have been reduced on our grand list, we haven't seen the full effect of those new businesses on our grand list.

As of the date of this statement, some of the homes have had their foundations fixed utilizing the state aid provided. Unfortunately, more homeowners have come forward. This will continue to affect the Town as a whole.

New businesses added in the 19-20 fiscal year include Tractor Supply and a new and improved Cumberland Farms.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Government's finances and to show the Government's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Stafford, 1 Main Street, Stafford Springs, CT 06076.

TOWN OF STAFFORD, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 10,808,734	\$ 1,529,165	\$ 12,337,899
Investments	3,130,893	-	3,130,893
Restricted cash and equivalents	85,286	-	85,286
Receivables			
Taxes, net	1,348,269	-	1,348,269
Accounts	525,835	-	525,835
Usage	-	178,810	178,810
Interest	-	93,981	93,981
Loans	2,257,752	-	2,257,752
Intergovernmental	207,366	-	207,366
Special assessments	59,638	-	59,638
Internal balances	-	11,774	11,774
Deposit on equipment lease	-	-	-
Prepays	10,257	-	10,257
Capital assests			
Nondepreciable	3,126,372	-	3,126,372
Depreciable, net of accumulated depreciation	114,104,678	1,720,952	115,825,630
Total Assets	<u>135,665,080</u>	<u>3,534,682</u>	<u>139,199,762</u>
DEFERRED OUTFLOWS OF RESOURCES			
Difference in projected and actual earnings - pension	550,559	17,205	567,764
Change in assumptions - pension	863,497	26,984	890,481
Deferred charge on refunding	12,505	-	12,505
Total Deferred Outflows of Resources	<u>1,426,561</u>	<u>44,189</u>	<u>1,470,750</u>
LIABILITIES			
Accounts payable	591,684	8,826	600,510
Accrued payroll and related	92,503	-	92,503
Accrued interest payable	680,367	-	680,367
Internal balances	10,059	-	10,059
Bond anticipation notes payable	2,685,000	-	2,685,000
Risk management claims payable	255,000	-	255,000
Unearned revenues	1,548,895	10,376	1,559,271
Non-current liabilities			
Due within one year	2,505,743	-	2,505,743
Due in more than one year	42,521,298	313,116	42,834,414
Total Liabilities	<u>50,890,549</u>	<u>332,318</u>	<u>48,527,808</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual experience - pension	236,482	7,390	243,872
Total Deferred Inflows of Resources	<u>236,482</u>	<u>7,390</u>	<u>243,872</u>
NET POSITION			
Net investment in capital assets	83,751,429	1,720,952	85,472,381
Restricted			
Expendable	3,903,732	-	3,903,732
Nonexpendable	198,537	-	198,537
Unrestricted	(1,889,087)	1,518,211	(370,876)
Total Net Position	<u>\$ 85,964,611</u>	<u>\$ 3,239,163</u>	<u>\$ 89,203,774</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	
Governmental activities							
General government	\$ 6,264,615	\$ 464,195	\$ -	\$ -	\$ (5,800,420)	\$ -	\$ (5,800,420)
Public safety	2,107,147	827,144	52,136	-	(1,227,867)	-	(1,227,867)
Health and social services	742,572	517,361	268,423	-	43,212	-	43,212
Public works	3,259,145	1,366,494	408,749	-	(1,483,902)	-	(1,483,902)
Parks and recreation	564,580	71,696	-	-	(492,884)	-	(492,884)
Planning and zoning	3,065	-	-	-	(3,065)	-	(3,065)
Sundry	1,182,619	173,274	4,500	-	(1,004,845)	-	(1,004,845)
Education	38,265,003	268,294	18,074,662	-	(19,922,047)	-	(19,922,047)
Interest on long-term debt	903,273	-	-	-	(903,273)	-	(903,273)
Total Governmental Activities	\$ 53,292,019	\$ 3,688,458	\$ 18,808,470	\$ -	(30,795,091)	-	(30,795,091)
Business-type activities							
Sewer	1,446,567	1,661,113	-	-	-	214,546	214,546
Total Business-type Activities	1,446,567	1,661,113	-	-	-	214,546	214,546
Total Primary Government	\$ 54,738,586	\$ 5,349,571	\$ 18,808,470	\$ -	-	214,546	(30,580,545)
General Revenues							
Property Taxes, payments in lieu of taxes, interest and liens					27,523,458		27,523,458
Grants and contributions not restricted to specific programs					769,524		769,524
Unrestricted interest and investment earnings					75,230	5,052	80,282
Other general revenues					771,183		771,183
Special items							
Net unrealized gain on stocks					69,378		69,378
Gain on sale of assets					197,400		197,400
Total General Revenues and Special Items					29,406,173	5,052	29,411,225
Change in Net Position					(1,388,918)	219,598	(1,169,320)
Net Position - Beginning of Year (Restated)					87,353,529	3,019,565	90,373,094
Net Position - End of Year					\$ 85,964,611	\$ 3,239,163	\$ 89,203,774

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Educational Grant Fund	Small Cities Grants Fund	Infrastructure Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Equivalents	\$ 5,433,636	\$ 49,353	\$ 200,838	\$ 2,089,973	\$ 2,424,856	\$ 10,198,656
Investments	2,151,019	-	-	-	979,874	3,130,893
Restricted cash and equivalents	-	-	-	-	85,286	85,286
Taxes Receivable, Net of Allowance for Uncollectible Amounts	1,309,227	-	-	-	39,042	1,348,269
Other Receivables						
Accounts	148,643	-	-	-	377,192	525,835
Loans	-	-	2,257,752	-	-	2,257,752
Intergovernmental	-	28,925	-	-	178,441	207,366
Special assessments	-	-	-	-	59,638	59,638
Due from other funds	3,026,363	-	-	-	610,835	3,637,198
Deposit on equipment lease	-	-	-	-	-	-
Inventories	-	-	-	-	10,257	10,257
Total Assets	<u>\$ 12,068,888</u>	<u>\$ 78,278</u>	<u>\$ 2,458,590</u>	<u>\$ 2,089,973</u>	<u>\$ 4,765,421</u>	<u>\$ 21,461,150</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 522,678	\$ 602	\$ -	\$ -	\$ 67,379	\$ 590,659
Accrued Payroll and Related	92,503	-	-	-	-	92,503
Due to other funds	2,223,908	106,100	23,451	-	2,951,323	5,304,782
Unearned revenues	1,507,681	-	-	-	41,214	1,548,895
Total Liabilities	<u>4,346,770</u>	<u>106,702</u>	<u>23,451</u>	<u>-</u>	<u>3,059,916</u>	<u>7,536,839</u>
Deferred Inflows of Resources						
Unavailable revenues	924,699	-	-	-	34,858	959,557
Total Deferred Inflows of Resources	<u>924,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,858</u>	<u>959,557</u>
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	198,537	198,537
Restricted	-	-	2,435,139	-	1,478,593	3,913,732
Committed	767,089	-	-	-	933,537	1,700,626
Assigned	731,662	-	-	-	751,244	1,482,906
Unassigned	5,298,668	(28,424)	-	2,089,973	(1,691,265)	5,668,952
Total Fund Balances	<u>6,797,419</u>	<u>(28,424)</u>	<u>2,435,139</u>	<u>2,089,973</u>	<u>1,670,646</u>	<u>12,964,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,068,888</u>	<u>\$ 78,278</u>	<u>\$ 2,458,590</u>	<u>\$ 2,089,973</u>	<u>\$ 4,765,420</u>	<u>\$ 21,461,149</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT
WIDE STATEMENT OF NET POSITION – GOVERNMENT ACTIVITIES
JUNE 30, 2019

Fund Balances - Total Governmental Funds	\$	12,964,753
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		117,231,050
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,011,580
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		12,505
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		959,557
Deferred outflows - difference between projected and actual earnings		550,559
Deferred outflow - change in assumptions		863,497
Deferred outflows - difference in expected and actual experience		(236,482)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(680,367)
Bonds payable		(48,349,355)
Premium on bonds		74,003
Capital lease obligations		739,985
Compensated absences		(7,615)
Pension obligations payable		(853,281)
Other post-employment benefits obligations payable		684,222
		<hr/>
Net Position of Governmental Activities	\$	<u>85,964,611</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Educational Grant Fund	Small Cities Grants Fund	Infrastructure Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 27,207,773	\$ -	\$ -	\$ -	\$ 360,684	\$ 27,568,457
Intergovernmental	17,787,932	1,084,496	-	-	1,003,359	19,875,787
Local sources	2,241,436	-	47,336	-	1,492,656	3,781,428
Investment income	70,165	-	222	-	74,221	144,608
Total Revenues	<u>47,307,306</u>	<u>1,084,496</u>	<u>47,558</u>	<u>-</u>	<u>2,930,920</u>	<u>51,370,280</u>
EXPENDITURES						
Current						
General government	3,867,052	-	-	-	1,524,204	5,391,256
Public safety	2,111,167	-	-	-	21,196	2,132,363
Health and social services	705,645	-	-	-	-	705,645
Public works	2,043,338	-	-	-	657,597	2,700,935
Parks and recreation	701,423	-	-	-	14,010	715,433
Planning and zoning	3,065	-	-	-	-	3,065
Sundry	916,454	-	107,371	-	100,631	1,124,456
Education	34,938,598	1,127,292	-	-	648,055	36,713,945
Debt service	2,182,373	-	-	-	-	2,182,373
Capital outlay	-	-	-	160,027	234,148	394,175
Total Expenditures	<u>47,469,115</u>	<u>1,127,292</u>	<u>107,371</u>	<u>160,027</u>	<u>3,199,841</u>	<u>52,063,646</u>
Excess (deficiency) of Revenues						
Over Expenditures	<u>(161,809)</u>	<u>(42,796)</u>	<u>(59,813)</u>	<u>(160,027)</u>	<u>(268,921)</u>	<u>(693,366)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	2,250,000	230,000	2,480,000
Transfers out	(2,480,000)	-	-	-	-	(2,480,000)
Issuance of BANS	7,475,000	-	-	-	-	7,475,000
Payment on BANS	(5,225,000)	-	-	-	-	(5,225,000)
Premium on financing	144,595	-	-	-	-	144,595
Total Other Financing Sources (Uses)	<u>(85,405)</u>	<u>-</u>	<u>-</u>	<u>2,250,000</u>	<u>230,000</u>	<u>2,394,595</u>
Net Changes in Fund Balances	(247,214)	(42,796)	(59,813)	2,089,973	(38,921)	1,701,229
Fund Balances - Beginning of Year	<u>7,044,633</u>	<u>14,372</u>	<u>2,494,952</u>	<u>-</u>	<u>1,709,567</u>	<u>11,263,524</u>
Fund Balances - End of Year	<u>\$ 6,797,419</u>	<u>\$ (28,424)</u>	<u>\$ 2,435,139</u>	<u>2,089,973</u>	<u>\$ 1,670,646</u>	<u>\$ 12,964,753</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ 1,701,229

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

Capital outlay expenditures	933,031
Depreciation expense	<u>(2,951,102)</u>
	<u>(2,018,071)</u>

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

Real Property taxes and other revenues in the General Fund	<u>(44,999)</u>
	<u>(44,999)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt - bond anticipation notes	(7,475,000)
Premium on financing	(144,595)
Principal payments on long-term debt	6,505,755
Principal payments on capital leases	<u>1,263,210</u>
	<u>149,370</u>

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 governmental funds, including the change in

Accrued interest	(1,655)
Compensated absences	(7,615)
Pension and other post employment benefits asset/liability	<u>(817,428)</u>
	<u>(826,698)</u>

Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(349,750)

Change in Net Position of Governmental Activities \$ (1,388,918)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds Sewer User Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets		
Cash and equivalents	\$ 1,529,165	\$ 610,078
Receivables		
Usage	178,810	-
Interest	93,981	-
Prepaid expenses	-	-
Due from other funds	132,126	1,660,605
Total Current Assets	<u>1,934,082</u>	<u>2,270,683</u>
Noncurrent assets		
Capital assets		
Land improvements	541,500	-
Building and improvements	3,397,079	-
Machinery and equipment	1,603,643	-
Construction-in-progress	-	-
	<u>5,542,222</u>	<u>-</u>
Less - Accumulated depreciation	<u>(3,821,270)</u>	<u>-</u>
Total Capital Assets, net of accumulated depreciation	<u>1,720,952</u>	<u>-</u>
Total Assets	<u>3,655,034</u>	<u>2,270,683</u>
DEFERRED OUTFLOWS OF RESOURCES		
Difference in projected and actual earnings - pension	17,205	-
Change in assumptions - pension	26,984	-
Total Deferred Outflows of Resources	<u>44,189</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	8,826	1,023
Due to other funds	120,352	3,080
Risk management claims payable	-	255,000
Total Current Liabilities	<u>129,178</u>	<u>259,103</u>
Noncurrent Liabilities		
Net pension obligation	<u>313,116</u>	<u>-</u>
Total Liabilities	<u>442,294</u>	<u>259,103</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes paid in advance	10,376	-
Difference in expected and actual experience - pension	7,390	-
Total Deferred Inflows of Resources	<u>17,766</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,720,952	-
Unrestricted	1,518,211	2,011,580
Total Net Position	<u>\$ 3,239,163</u>	<u>\$ 2,011,580</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Sewer User Fund</u>	<u>Internal Service Fund</u>
OPERATING REVENUES		
Charges for services	\$ 1,661,113	\$ -
Premiums	<u>-</u>	<u>3,834,133</u>
Total Operating Revenues	<u>1,661,113</u>	<u>3,834,133</u>
OPERATING EXPENSES		
Salaries and benefits	638,110	-
Repairs, maintenance and rentals	279,242	-
Utilities	124,757	-
Supplies and materials	45,489	-
General and administrative	172,921	698,355
Claims	-	3,485,644
Depreciation	<u>186,048</u>	<u>-</u>
Total Operating Expenses	<u>1,446,567</u>	<u>4,183,999</u>
Income from Operations	<u>214,546</u>	<u>(349,866)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	5,052	118
Interest expense	-	-
Other non-operating expense - bad debt recovery	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>5,052</u>	<u>118</u>
Change in Net Position	219,598	(349,748)
Net Position - Beginning of Year (Restated)	<u>3,019,565</u>	<u>2,361,328</u>
Net Position - End of Year	<u>\$ 3,239,163</u>	<u>\$ 2,011,580</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Sewer User Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 1,708,479	\$ 4,122,826
Cash payments for operating expenses	(2,006,375)	(4,183,999)
Net Cash from Operating Activities	<u>(297,896)</u>	<u>(61,173)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Lease payments	-	-
Capital Assets Purchased	(359,672)	-
Net Cash from Capital and Related Financing Activities	<u>(359,672)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	5,052	118
Net Increase in Cash and Equivalents	(652,516)	(61,055)
Cash and Equivalents - Beginning of Year	2,181,681	671,133
Cash and Equivalents - End of Year	<u>\$ 1,529,165</u>	<u>\$ 610,078</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 214,546	\$ (349,866)
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	186,048	-
Change in net position obligation and related deferred outflows and inflows	52,369	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(3,288)	-
(Increase) decrease in due from other funds	(132,126)	315,670
(Increase) decrease in prepaid expenses	3,007	-
Increase (decrease) in accounts payable	(68,456)	1,023
Increase (decrease) in due to other funds	(540,714)	-
Increase (decrease) in risk management claims payable	-	(28,000)
Increase (Decrease) in taxes paid in advance	(9,282)	-
Net Cash from Operating Activities	<u>\$ (297,896)</u>	<u>\$ (61,173)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ -	\$ 106,760	\$ 210,644
Investments, at fair value	<u>16,562,607</u>	<u>-</u>	<u>7,577</u>
 Total Assets	 <u>\$ 16,562,607</u>	 <u>\$ 106,760</u>	 <u>\$ 218,221</u>
 LIABILITIES			
Due to Students and Others	<u>\$ -</u>	<u>\$ 1,716</u>	<u>\$ 218,221</u>
 NET POSITION			
Restricted for pensions and other purposes	<u>\$ 16,562,607</u>	<u>\$ 105,044</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Pension Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS		
Contributions		
Employer	\$ 1,248,054	\$ -
Donations	<u> -</u>	<u> 21,629</u>
Total Contributions	<u> 1,248,054</u>	<u> 21,629</u>
Investment income		
Net change in fair value of investments	862,862	-
Interest and dividends	<u> 460</u>	<u> 305</u>
Total Investment Income	<u> 863,322</u>	<u> 305</u>
Total Additions	<u> 2,111,376</u>	<u> 21,934</u>
DEDUCTIONS		
Pension benefits	1,175,003	-
Administrative fees	62,788	-
Sundry	<u> -</u>	<u> 12,963</u>
Total Deductions	<u> 1,237,791</u>	<u> 12,963</u>
Change in Net Position	873,585	8,971
Net Position - Beginning of Year	<u> 15,689,022</u>	<u> 96,073</u>
Net Position - End of Year	\$ <u> 16,562,607</u>	\$ <u> 105,044</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Stafford, Connecticut ("Town") is a municipal corporation governed by a selectmen-town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public-school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

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

A. FINANCIAL REPORTING ENTITY

Generally accepted accounting principles 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 in Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", have been considered and there are no agencies or entities which should be presented with this government.

B. 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 non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities' column of the government-wide presentation.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and the Internal Service funds are charges to customers for services. Operating expenses for the enterprise funds and the internal service funds included the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

FUND CATEGORIES

- a. Governmental Funds – Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund – The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund. Consolidated in the General Fund are the following funds:

Compensation Fund – is used to fund future payments of unused vacation and sick time.

Town Hall Fund – is used to build a reserve for repairs on the Town Hall

Zoning Subdivision Fund – is used for fees charged and technical services related for subdivision.

Excess Cost Grant Fund – is used for funding excess cost of Special Education tuition and transportation.

Blight Fund – is used to enforce ordinances regulating blight and state and local health, housing and safety codes and regulations.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Educational Grant Fund – The Educational Grant Fund is used to record all the grants and revenues received from the State of CT and expenditures relating to the Board of Education grants.

Small Cities Grants Fund – is used to provide loans for housing rehabilitation.

Infrastructure Projects Fund – The Infrastructure Projects Fund is used for the WPCA to fix infrastructure on West Street to Route 190, to build a new Sewer Pump Station on Route 190, and for the Town to fix Williamson Road Bridge and rebuild and/or repave roads as necessary.

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Dog Fund – is used to record revenue and expenses related to the Animal Control Officer for the Town of Stafford.

School Cafeteria Fund – is used to report sales and expenditures for the School cafeterias. The Board of Education covers the salary for the Food Service Director.

Town Aid Road Fund – is used for reporting the revenue and expenditures for use on improved and unimproved roads.

300th Anniversary Fund – is used to celebrate the 300th anniversary of the Town of Stafford. Funds were donated by area businesses to ensure the all year celebrations, starting with New Year's Eve 2018 and ending December 31, 2019

Sewer Assessment Fund – is used to record receipts for Sewer Phase II and Sewer Assessment Fund Route 190 West.

Preservation Management of Historic Documents Fund – is used to record revenue from the Town Clerk's office and grants from the State of CT to preserve historic documents.

Stafford Service District – is used for the additional taxes paid by the taxpayers located in the service district. Such services include lights, garbage and leaf pickup, sidewalks, etc.

Open Space Fund – is used for fees that were established by zoning regulations for the acquisition of open space.

W.H. Heald Trust Fund – is used for expenses at the High School Library.

Miscellaneous Grant Fund – is used for receiving miscellaneous grants so the funds could be spent as directed by the companies supplying the funds.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Town Commissions Fund – is used to record donations for use in various commissions, mainly the Arts Commission and Community and Civic Affairs Commissions. They both raise money through donations to hold functions for the Town. Examples are the summer concert services and other holiday events.

Utility Fund – is used for the Zero Renewable Energy Credits (ZREC) revenues from selling power back to Eversource. These revenues, as well as the savings in electricity and fuel oil, are used to pay the lease payments related to the equipment.

The following are the Town’s non-major capital project funds:

Staffordville Dam Repair Fund – is used for repairs on the Staffordville Dam

Fire Department Equipment Fund – is used to record money received from the sale of Emergency equipment for future Emergency Services Equipment needs.

School Facilities Capital Improvement Fund – is used for current and future school projects and includes the Board of Educations’ Unexpended funds account as a source of funding as well as Town funds necessary to complete projects.

Sewer Inflow & Infiltration Fund – is used for the BAN proceeds for the WPCA Inflow and infiltration project.

Combined Utility Project Fund – is used for the combined utility project that will expand the sewer and water lines and may include natural gas line from Enfield.

Geo-Thermal Solar Project Fund – is used to record the lease purchase capital project for large solar arrays and solar carports at various locations in town, as well as geo-thermal heating/cooling systems for Stafford Elementary School, Stafford Middle School, Stafford High School, and the Library.

The following are the Town’s permanent funds:

A.H. Colton Fund – is used for maintaining a building in the “hollow” section of town for purposes of allowing people to congregate.

Hyde Park Fund – is used to maintain the Hyde Park located in downtown Stafford.

Orcutt Award Fund – is used to fund a scholarship to a male, graduating high school.

Stafford Cemetery Association Fund – is used to maintain the cemetery on Stafford Street

H.W. Lord Fund – is used by the local high school.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Proprietary Funds – Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal Service funds are used to account for those operations that provide services to the Town. The following are the Town’s major proprietary funds:

Sewer User Fund – is used to account for the Town’s Sewer system program

Internal Service Fund – is used to account for self- insured medical and dental benefits for the general government and Board of Education.

- c. Fiduciary Funds – (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension Trust, Private Purpose Trust and Agency funds. The Pension Trust Funds are provided to account for the activities of the Town’s Retirement system, which accumulates resources for the pension benefit payments to qualified Town employees upon retirement. The Private Purpose Trust Funds, including any earnings or invested resources, may be used to support the organization’s activities. There is no requirement that any of these be preserved as capital. The Agency Funds are primarily utilized to account for monies held as custodian for outside groups and activities.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds, pension trust fund and private purpose trust funds. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCES

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the Bank's risk-based capital ratio.

The Short-Term Investment Fund (STIF) is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3.27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investments pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments – The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town’s policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy is to only allow investments in the following: (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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax-Exempt Proceeds Fund.

The Town follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments are stated at fair value.

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

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. 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 changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Taxes Receivable – Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid with the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

An allowance for uncollectible taxes of \$50,000 has been recorded net with taxes receivable as of June 30, 2019.

Other Receivables – Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Inventories – Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Deferred Charges - Deferred charges in the government-wide financial statements represent the unamortized portion of the gain or loss on bond refunding. These costs are being amortized over the term of the respective bond issue.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Loans Receivable – Loans receivable, which are related to the Small Cities grant, are stated at their unpaid principal balance. Allowances are recorded when appropriate.

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. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Land is considered inexhaustible and, therefore, not depreciated. Property, plant and equipment of the Town are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Buildings	50-100	\$ 5,000
Buildings improvements	20	5,000
Infrastructure	50	5,000
Vehicles and equipment	5-10	5,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period and so will not be recognized as an outflow or resources (expense/expenditure) until then.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow or resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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, and debt payments are reported as expenditures. Bond Anticipation Note payments are reported as other financing uses.

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 financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Net Position – Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision-making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balance the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. ENCUMBRANCES

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. USE OF ESTIMATES

The preparation of financial statements inconformity 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, liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. 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 25, 2019.

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGET BASIS

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

Teachers' Retirement – The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.

Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts, all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

Other Funds – The income and expenditures from consolidated funds activities are not included in the General Fund budget, but are included in the General Fund reporting under Generally Accepted Accounting Principles. This includes the accounting for the Excess Cost Grant.

Long-Term Debt and Lease Financing – Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

Cash Basis Payroll – Payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

B. BUDGET CALENDAR

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund function and activity, and includes information on the past and current year estimates and requested appropriations of the next fiscal year.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY(Continued)

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance’s estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

C. BUDGET CONTROL

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to 20,000 to any appropriations. A town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

NOTE 3- DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and investments of the Town consist of the following at June 30, 2019:

Statement of Net Position	
Cash and equivalents	\$ 12,337,899
Restricted Cash and Equivalents	85,286
Investments	<u>3,130,893</u>
	<u>15,554,078</u>
Fiduciary Funds	
Cash and equivalents	317,404
Investments	<u>16,570,184</u>
	<u>16,887,588</u>
Total Cash and Investments	<u>\$ 32,441,666</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Equivalents	
Deposits with financial institutions	\$ 12,655,869
Plus: External Investment Pools (STIF)	2,151,019
Less: Certificates of deposits (in investments)	<u>(978,874)</u>
	<u>\$ 13,827,014</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$12,939,713 and the bank balance was \$14,025,000, which was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,939,713
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	<u>1,085,287</u>
	<u>\$ 14,025,000</u>

Investments – Investments are summarized as follows at June 30, 2019

Investments reported in Governmental Funds:

	Other Governmental <u>Funds</u>
Certificates of deposit	\$ 2,642,800
Stocks	<u>488,093</u>
	<u>\$ 3,130,893</u>

Investments reported in Fiduciary Funds:

	Town	Student	Total
	<u>Pension</u>	<u>Activity</u>	<u>Investments</u>
Stocks	\$ 7,031,687	\$ -0-	\$ 7,031,687
Mutual funds - equity	21,698	7,577	29,275
Mutual funds – specialty	1,288,672	-0-	1,288,672
Mutual funds – bonds	<u>8,220,550</u>	<u>-0-</u>	<u>8,220,550</u>
	<u>\$16,562,607</u>	<u>\$ 7,577</u>	<u>\$16,570,184</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Below is a summary of the interest rate risk and credit risk as of June 30, 2019:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)	
			Less Than 1 Year	1-5 Years
Certificates of deposit	NA	\$ 491,781	\$ -	\$ 491,781
Stocks	NA	7,519,780	7,519,780	
Mutual funds - equity	NA	29,275	29,275	
Mutual funds - specialty	NA	1,288,672	1,288,672	
Mutual funds - bonds	A-	8,220,550	8,220,550	
		<u>\$ 17,550,058</u>	<u>\$ 17,058,277</u>	<u>\$ 491,781</u>

The following are major categories of investments measured at fair value on a recurring basis, grouped by the fair value hierarchy:

Type of Investment	Investments Not Measured At Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 491,781	\$ -	\$ -	\$ -
Stocks	-	7,519,780	-	-
Mutual funds - equity	-	29,275	-	-
Mutual funds - specialty	-	1,288,672	-	-
Mutual funds - bonds	-	8,220,550	-	-
	<u>491,781</u>	<u>\$ 17,058,277</u>	<u>\$ -</u>	<u>\$ -</u>

B. DEFERRED INFLOWS AND UNEARNED REVENUE

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as deferred inflows of resources because they were not received within 60 days of the year end:

	General Fund	Other Governmental Funds
Property taxes	\$ 924,699	\$ 34,858
Intergovernmental revenue	-	-
	<u>\$ 924,699</u>	<u>\$ 34,858</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the Liability unearned revenue at June 30, 2019:

	General Fund	Other Governmental Funds
Taxes collected in advance	\$ 1,507,681	\$ 4,121

C. INTERFUND TRANSACTIONS

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2019 these were summarized as follows:

	Due to				
	General Fund	Sewer User Fund	Other Governmental Funds	Internal Service Fund	
Due from					
General Fund	\$ -	\$ 5,965	\$ 557,338	\$ 1,660,605	\$ 2,223,908
Educational Grant Fund	106,099	-	-	-	106,099
Small Cities Grants Fund	23,451	-	-	-	23,451
Other Governmental Funds	2,825,162	126,161	-	-	2,951,323
Sewer User fund	68,351	-	52,001	-	120,352
Internal Service Fund	3,080	-	-	-	3,080
Private Purpose Trust Funds	220	-	1,496	-	1,716
	\$ 3,026,363	\$ 132,126	\$ 610,835	\$ 1,660,605	\$ 5,429,929

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2019 were as follows:

Transfer Out	Transfer In			
	General	Infrastructure Projects	Nonmajor Governmental	
General Fund	\$ -	\$ 2,250,000	230,000	\$ 2,480,000
	\$ -	\$ 2,250,000	230,000	\$ 2,480,000

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

Changes in the Town's capital assets used in the governmental activities are as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,683,260	\$ -	\$ (13,895)	\$ 1,669,365
Construction in progress	<u>340,396</u>	<u>593,386</u>	<u>-</u>	<u>933,782</u>
	<u>2,023,656</u>	<u>593,386</u>	<u>(13,895)</u>	<u>2,603,147</u>
Capital assets being depreciated				
Buildings and improvements	106,854,900	72,265	(143,208)	106,783,957
Equipment and vehicles	10,390,557	65,421	-	10,455,978
Infrastructure	<u>59,531,528</u>	<u>220,892</u>	<u>-</u>	<u>59,752,420</u>
	<u>176,776,985</u>	<u>358,578</u>	<u>(143,208)</u>	<u>176,992,355</u>
Less accumulated depreciation	<u>(60,074,745)</u>	<u>(2,951,102)</u>	<u>-</u>	<u>(63,025,847)</u>
	<u>\$ 118,725,896</u>	<u>\$ (1,999,138)</u>	<u>\$ (157,103)</u>	<u>\$ 116,569,655</u>

Depreciation and amortization expense were charged to functions/programs of the governmental activities as follows:

Education	\$ 956,301
General Government	856,643
Public Works	952,180
Parks and recreation	16,582
Health and Social Services	43,413
Public Safety	<u>125,983</u>
	<u>\$ 2,951,102</u>

Changes in the Town's capital assets used in the business-type activities are as follows:

	Beginning Balance	Increases	Ending Balance
Capital assets not being depreciated			
Construction in progress	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated			
Land improvements	541,500	-	541,500
Building and improvements	2,932,233	464,846	3,397,079
Equipment and vehicles	<u>1,571,643</u>	<u>32,000</u>	<u>1,603,643</u>
	<u>5,045,376</u>	<u>496,846</u>	<u>5,542,222</u>
Less accumulated depreciation	<u>(3,635,222)</u>	<u>(186,048)</u>	<u>(3,821,270)</u>
	<u>\$ 1,410,154</u>	<u>\$ 310,798</u>	<u>\$ 1,720,952</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation and amortization expense of \$186,048 was charged to the sewer function of business-type activities.

E. LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

The following table summarizes changes in the Town’s long-term indebtedness in the governmental activities for the year ending June 30, 2019:

	Beginning				Ending	Due Within
	Balance	Additions	Reductions		Balance	One Year
General Obligation Bonds-Restated	\$ 11,482,483	\$ 4,790,000	\$ (915,835)	\$	15,356,648	\$ 1,151,222
Capital Leases	16,177,959	594,425	(1,334,411)		15,437,973	1,279,313
Compensation Absences	505,985	69,706	(62,090)		513,601	-
Pension Obligations	9,166,452	853,281	-		10,019,713	-
OPEB Obligations	3,760,320	-	(684,222)		3,076,098	-
Premium on Bonds	552,416	144,595	(74,003)		623,008	75,208
	<u>\$ 41,645,595</u>	<u>\$ 6,452,007</u>	<u>\$ (3,070,561)</u>	<u>\$</u>	<u>45,027,041</u>	<u>\$ 2,505,743</u>

Each governmental fund liability is liquidated by the

respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2019 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rate	Amount Outstanding
Sewer Upgrade	2010	\$ 6,566,000	2040	3.25%	\$ 5,376,648
General Purpose	2012	550,000	2026	2.0/4.0	273,795
Refunde School Bonds	2012	4,100,000	2025	2.0/4.0	2,540,000
School Bonds	2012	4,580,000	2025	2.0/4.0	2,376,205
General Purpose	2018	4,790,000	2038	3.0/5.0	4,790,000
					<u>\$ 15,356,648</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Payments to maturity on the general obligation bonds are as follows:

Year End	Governmental Activities General Obligation Bonds		Year End	Governmental Activities General Obligation Bonds	
	Principle	Interest		Principle	Interest
2020	1,151,222	545,447	2031	483,416	168,503
2021	1,106,787	499,283	2032	491,327	153,392
2022	1,112,532	453,937	2033	499,496	137,874
2023	1,118,464	408,405	2034	507,929	121,790
2024	1,119,590	362,780	2035	516,637	105,282
2025	1,125,914	317,056	2036	525,628	88,492
2026	1,132,443	271,126	2037	534,910	71,259
2027	779,185	233,809	2038	539,495	53,659
2028	461,146	212,373	2039	549,391	35,684
2029	468,334	197,986	2040	324,609	21,354
2030	475,754	183,365	2041	332,438	13,522
				\$ 15,356,648	\$ 4,656,376

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2019 totaled \$399,481.

Capital Leases Payable

The Town has entered into various lease agreements to finance the acquisition of various vehicles, equipment, building improvements, and energy improvements. The cost of the assets is included in the capital assets with a cost of \$19,835,075 and accumulated depreciation of \$2,276,372. The leases qualify as capital leases for accounting purposes. The Town's capital lease obligation at June 30, 2019 is as follows:

Total payments on capital leases for the year ending

	2020	1,279,313
	2021	1,263,405
	2022	1,294,433
	2023	1,326,252
	2024	1,291,884
	Therafter	8,982,687
		15,437,974
Less the amount representing interest		(366,533)
Present value of future minimum lease payments	\$	15,071,441

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Bond Anticipation Notes

The Town uses bond anticipation notes to fund various construction costs prior to issuance of bonds. The following table summarizes the activity for the fiscal year:

Purpose	Date Issued	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
General Purpose/Sewer	8/27/2017	8/1/2018	1.19%	\$ 5,518,000	\$ -	\$ 5,518,000	\$ -
General Purpose/Sewer	8/1/2028	7/30/2019	2.50%	-	435,000	-	435,000
General Purpose/Sewer	2/28/2019	7/30/2019	2.20%	-	2,250,000	-	2,250,000
				<u>\$ 5,518,000</u>	<u>\$ 2,685,000</u>	<u>\$ 5,518,000</u>	<u>\$ 2,685,000</u>

Interest incurred and expensed on capital leases payable for the year ended June 30, 2019 totaled \$366,533.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

Prior Year Defeasance of Debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2019, \$2,625,000 of bonds outstanding are considered defeased.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Stafford, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 27,405,547
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	0
Debt limitation base	<u>\$ 27,405,547</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 61,662,481	\$ -	\$ -	\$ -	-
4 1/2 times base	-	116,473,575	-	-	-
3 3/4 times base	-	-	102,770,801	-	-
3 1/4 times base	-	-	-	89,068,028	-
3 times base	-	-	-	-	82,216,641
Total debt limitaion	<u>61,662,481</u>	<u>116,473,575</u>	<u>102,770,801</u>	<u>89,068,028</u>	<u>82,216,641</u>
Indebtedness					
Bonds payable	5,063,795	4,916,205	5,376,648	-	-
Bank payable	81,985	-	2,603,015	-	-
Total indebtedness	<u>5,145,780</u>	<u>4,916,205</u>	<u>7,979,663</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 56,516,701</u>	<u>\$ 111,557,370</u>	<u>\$ 94,791,138</u>	<u>\$ 89,068,028</u>	<u>\$ 82,216,641</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$ 191,838,829

F. LONG-TERM LIABILITIES – ENTERPRISE FUNDS

The following table summarizes changes in the Town's long-term indebtedness in the enterprise funds for the year ending June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance
Pension obligations	<u>\$ 279,654</u>	<u>\$ 33,462</u>	<u>\$ -</u>	<u>\$ 313,116</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

G. NET POSITION

The components of net position are detailed below:

Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, and improvement of those assets.

Restricted Net Position – Nonexpendable – the component of net position that reflects funds set aside in accordance with laws regulations grants and other agreements that must be intact and cannot be spent. This is made up of:

Trust principal	\$ 186,280
Inventory	10,257
Other	<u>2,000</u>
	<u>\$ 198,537</u>

Restricted Net Position – Expendable – the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants and other agreements relating to these funds. This is made up of:

General Government	\$ 2,456,468
Education	145,930
Public Works	631,429
Public Safety	59,824
Parks & Recreation	38,181
Other Purposes	<u>571,900</u>
	<u>\$ 3,903,732</u>

Unrestricted – all other amounts that do not meet the definition of restricted or net investment in capital assets.

H. FUND BALANCES

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

	General Fund	Educational Grant Fund	Small Cities Grants	Utility Fund	Other Governmental Funds
Nonspendable					
Not in spendable form					
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 10,257
Required to maintained					
Trust principal	-	-	-	-	186,280
Other	-	-	-	-	2,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,537</u>
Restricted					
General Government	\$ -	\$ -	\$ 2,435,139	\$ -	\$ 21,329
Education	-	-	-	-	145,930
Public Works	-	-	-	-	631,429
Public Safety	-	-	-	-	59,824
Parks & Recreation	-	-	-	-	38,181
Other Purposes	-	-	-	-	571,900
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,435,139</u>	<u>\$ -</u>	<u>\$ 1,468,593</u>
Committed					
General Government	\$ 248,567	\$ -	\$ -	\$ -	\$ -
Education	518,522	-	-	-	-
Capital Projects	-	-	-	-	933,537
	<u>\$ 767,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933,537</u>
Assigned					
General Government	\$ 120,081	\$ -	\$ -	\$ -	\$ 4,597
Education	-	-	-	-	137,793
Public Works	22,680	-	-	-	608,854
Culture and Recreation	-	-	-	-	-
Other Purposes	117,000	-	-	-	-
Capital Projects	\$ 471,901	-	-	-	-
	<u>\$ 731,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,244</u>

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS

A. TEACHERS' RETIREMENT SYSTEM

Plan Description

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System, a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors, and their beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Plan Membership – All teachers, principals, superintendents, or supervisors engaged in service of public schools are eligible for participation.

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. Teachers' Retirement System provides retirement benefits as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefits exceed seventy-five percent of the average annual salary. A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and had accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

Funding Policy – In accordance with Connecticut General Statutes, Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

The Town is not required to make contributions to the plan. The statutes require the State of Connecticut to make contributions on behalf of the Town in an actuarially determined amount. The total amount contributed from the state on behalf of the Town for the fiscal year ended June 30, 2019 was \$4,112,732.

Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Actuarial Methods and Significant Assumptions – The following assumptions were used in the Teachers’ Retirement pension valuations, prepared as of June 30, 2018 (the Valuation Date and Measurement Date) for use in the June 30, 2019 financial statements (Reporting Date):

Experience study dates	July 1, 2010 - June 30, 2015
Inflation	2.75%
Salary increases	3.25 - 6.50%, including inflation
Investment rate of return	8.0%, net of investment related expense, including inflation
Discount rate	8.0%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 3.00% to 5.00%
Post-retirement mortality	RP-2014 Adjusted to 2017 Total Dataset Mortality Table projected to valuation date with scale MP-2016

There were no changes in assumptions, benefits, or discount rate that affected the measurement of the total pension liability since the prior measurement date.

Target Asset Allocation and Rates of Return – The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimated ranges of expected future real rates of return are developed for each major asset class. The table below show the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Real estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging Market Fund	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
Cash	6.00%	0.40%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Town's Proportionate Share of the Collective Net Pension Liability

Employer Net Pension Liability	\$	-
Nonemployer Contributing Entity (State) Net Pension Liability		36,644,803
Net pension Liability		36,644,803
Net pension Liability percentage of the total		0.278370%
Pension expense	\$	4,112,732
Proportion Basis		Employee contributions
Change in proportion since measurement date		None

Sensitivity Analysis -

Although this is paid by the state of Connecticut and not a liability of the Town, the following presents the net pension liability of the Town's proportionate share of the plan (paid by the State), 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:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.00%	8.00%	9.00%
Net Pension Liability (Asset)	\$ 46,312,363	\$ 36,644,803	\$ 28,469,235

Support Provided by Non-Employer Contributing Entity (State) – the Town has recognized \$4,112,732 as revenue in support provided by the State of Connecticut's contributions to the plan on behalf of the Town's employees.

Obtaining a Report of the Plan – Teachers' Retirement System is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports included information on the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The stand-alone financial report may be obtained through the Teachers' Retirement Board at www.ct.gov/trb.

B. DEFINED CONTRIBUTION PLAN

The Town has a defined contribution plan for all eligible employees under the Internal Revenue Code (IRS) 401(a). This is administered through CPI Qualified Plan Consultants, Inc. provisions are made and amended as necessary by the Town. Employees may contribute up to the IRS limits through an IRS Section 457 Plan. The town will match an eligible employee's contribution up to 6% of their base salary. Contributions in this fiscal year were \$39,879 (4.05%) of covered salaries of \$986,609.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

C. THE DEFINED BENEFIT PLAN OF THE TOWN OF STAFFORD

Plan Description – The Town is the administrator of a single employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers’ Retirement System). The PERS is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial statement as a pension trust fund.

A separate stand-alone financial report is not issued. The Plan is governed by the Pension committee (the “Committee”), of which members are appointed by the Board of Selectmen.

The Plan provides retirement benefits through a single employer noncontributory defined benefit plan. Members include substantially all Town, Water Pollution Control Authority (“WPCA”), Library, and Board of Education (“BOE”) employees. Temporary employees, employees working less than 24 hours per week, and any BOE employee covered under the CT State Teachers’ Retirement System are excluded. Employees hired after July 1, 2012 are not eligible for the plan.

Plan Membership – As of the date of the latest actuarial valuation (January 1, 2019), membership consisted of the following:

Retirees and beneficiaries receiving benefits	115
Terminated employees entitled to benefits, but not yet receiving them	55
Active Members	<u>127</u>
	<u>297</u>

Contribution Policy – The Town is required to contribute the cost of its participants as determined by actuarial calculations.

A pension committee oversees the Pension investments and activities. This committee is comprised of the following voting members: the First Selectman, the Superintendent of Schools, the Superintendent of the Water Pollution Control Authority, the Town’s Chief Financial Officer, and the BOE Business Manager.

Funding Policy – Funding is based on the actuarial determined employer contribution (“ADEC”). The Town has a policy to pay at least the greater of: (a) 40% of the ADEC or (b) 80% of the prior year’s actual contribution up to 100% of the ADEC.

Investment Policy – Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Conservative investments – cash and liquid investments, including money market, stable value, and guaranteed investment accounts.

Income investments – income-oriented investments, including bond funds.

Equity investments - funds that invest in equity securities.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Asset allocation investments – funds or accounts that invest in a combination of conservative, income, and equity investments; fund of accounts combining several of the above investments; and funds of managers’ accounts combining several different investment styles and fund managers.

Target-Date investments – funds or accounts in the hybrid category that automatically reset the asset mix in the portfolio according to a selected time frame.

Other - appropriate investments in other styles or asset classes offered through vehicles such as mutual funds, exchange-traded funds, commingled grust, and insurance comp;any separate accounts.

The committee will choose specific investment options from each category and will consider the investment services and materials provided by the investment provider. Monitoring of the plan investments is done regularly.

Long-term expected rate of return – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting colatility and correlation.

Below shows the Committee’s target asset class allocation and the long-term expected rate of return calculated as geometric means:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Real Estate	3.00%	4.50%
International Stocks	14.00%	5.40%
Small-Cap Stocks	4.00%	5.00%
Large-Cap Stocks	22.00%	4.50%
Bonds	57.00%	2.04%

Calculation of Money-Weighted

Rate of Return – The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted rate of return for the year ended June 30, 2019: 5.19%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Net Pension Liability

The components of the net pension liability of the Town as of June 30, 2019 were as follows:

Town pension liability	\$ 26,873,738
Plan fiduciary net position	<u>(16,540,909)</u>
Net pension liability (asset)	<u><u>\$ 10,332,829</u></u>
Plan Fiduciary net position as a percentage of total pension liability	61.55%

Changes in the net pension liability during the year were as follows:

Total Pension Liability

Service cost	\$ 560,333
Interest on total pension liability	1,726,174
Change of benefit terms	-
Differences between expected and actual experience	291,412
Assumption changes or inputs	339,202
Benefit payments	<u>(1,162,763)</u>
Net change in total pension liability	1,754,358
Total pension liability, beginning	<u>25,119,380</u>
Total pension liability, ending	<u><u>\$ 26,873,738</u></u>

Fiduciary Net Position

Employer contributions	\$ 1,230,054
Net investment income	823,074
Benefit payments	(1,162,763)
Administrative expenses	<u>(22,750)</u>
Net change in plan fiduciary net position	867,615
Fiduciary net position, beginning	<u>15,673,294</u>
Fiduciary net position, ending	<u><u>\$ 16,540,909</u></u>

Net pension liability, beginning	<u>9,446,086</u>
Net pension liability, ending	<u><u>\$ 10,332,829</u></u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2019 valuation (Valuation and Measurement Date) and projected forward to June 30, 2019:

Valuation timing	Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	GASB Liability: Entry Age ADEC: Projected Unit Credit
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Closed
Amortization period	Beginning 2015, 26 years remaining
Amortization growth rate	0.00%
Asset valuation method	
	Smoothing period 5 year
	Recognition method 20% per year
Inflation	2.60%
Salary increases	ranged based on ages from 20 to 65 5.85% down to 2.60% respectively
Investment rate of return	6.75% per year, net of investment and administrative expenses
Cost of living adjustment	None
Retirement age	Early retirement – 55, Normal retirement – 65
Turnover	None
Pre-retirement mortality	None
Post-retirement mortality	RP-2014 adjusted to 2006 total Dataset mortality table, projected to the valuation date with Scale MP-2018

Sensitivity Analysis – The following presents the net pension liability (asset) of the Town, calculated using the current discount rate, as well as what the Town’s net pension would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.750%	6.750%	7.750%
Net Pension Liability (Asset)	\$ 13,304,927	\$ 10,332,829	\$ 7,795,638

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Pension Expense – The total pension expense recognized for the year ended June 30, 2019 was \$2,391,917. Pension expense for the next 4 years will be affected by the following deferred outflows and inflows of resources:

Increase (Decrease) in Pension Expense from the Recognition of the Effects of:

	Recognized in		To Be Recognized			Total
	2019	2020	2021	2022	2023	
<i>Differences between Expected and Actual Experience</i>						
2015	\$ (11,626)	\$ (11,626)	\$ (8,137)	\$ -	\$ -	\$ (31,389)
2016	\$ (9,746)	\$ (9,746)	\$ (9,746)	\$ (973)	\$ -	\$ (30,211)
2017	\$ 10,171	\$ 10,171	\$ 10,171	\$ 6,104	\$ -	\$ 36,617
2018	\$ 20,376	\$ 20,376	\$ 20,376	\$ 20,374	\$ -	\$ 81,502
2019	\$ 85,709	\$ 85,709	\$ 85,709	\$ 34,285	\$ -	\$ 291,412
<i>Recognition of the Effects of Changes in Assumptions</i>						
2015	\$ 278,706	\$ 195,093	\$ -	\$ -	\$ -	\$ 473,799
2016	\$ 23,825	\$ 23,825	\$ 2,382	\$ -	\$ -	\$ 50,032
2017	\$ 36,978	\$ 36,978	\$ 22,186	\$ -	\$ -	\$ 96,142
2018	\$ 185,290	\$ 185,290	\$ 185,290	\$ -	\$ -	\$ 555,870
2019	\$ 99,765	\$ 99,765	\$ 99,765	\$ 39,907	\$ -	\$ 339,202
<i>Differences between Projected and Actual Earnings on pension Plan Investments</i>						
2015	\$ 172,693	\$ -	\$ -	\$ -	\$ -	\$ 172,693
2016	\$ 242,289	\$ 242,289	\$ -	\$ -	\$ -	\$ 484,578
2017	\$ (57,601)	\$ (57,601)	\$ (57,600)	\$ -	\$ -	\$ (172,802)
2018	\$ 67,170	\$ 67,170	\$ 67,170	\$ 67,169	\$ 67,169	\$ 335,848
2019	\$ 59,791	\$ 59,791	\$ 59,791	\$ 59,791	\$ 59,791	\$ 298,955

D. LENGTH OF SERVICE AWARDS – VOLUNTEER FIRE DEPARTMENT

The Town is the sponsor of a Length of Service Awards Plan (“LOSAP”) established and administered by the Town to provide pension benefits for its fire department volunteers. The LOSAP is accounted for in the Town’s financial statements in the General Fund. The program provides benefits through a single employer non-contributory defined benefit plan. To be eligible, a volunteer must have been an active member in the volunteer fire department. The plan was closed to new entrants as of October 2002.

The participants receive \$60 for up to 16 years of service.

Plan Membership at 6/30/2019	Terminated Vested	6
	Retired beneficiaries	<u>14</u>
Total		<u>20</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 6/30/18	\$3,760,320
Changes for the year:	
Service Cost	136,798
Interest	148,497
Changes of benefits	
Differences between expected and actual experience	(942,996)
Changes of assumptions	94,556
Benefit Payments	<u>(121,077)</u>
Net change in total OPEB Liability	<u>(684,222)</u>
Balance at June 30, 2019	<u>\$3,076,098</u>

Sensitivity of the Total OPEB Liability to Changes in Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	<u>1% Decrease 2.51%</u>	<u>Current Discount Rate 3.51%</u>	<u>1% Increase 4.51%</u>
Total OPEB Liability	\$3,470,126	\$3,076,098	\$2,743,653

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that were 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates of 6.5% decreasing to 4.6%:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$2,689,953	\$3,076,098	\$3,541,697

OPEB Expense: The Town recognized OPEB expense of \$189,398 for the year ended June 30, 2019.

Connecticut Teachers' Retirement System – OPEB

Plan Description – The faculty and professional personnel of the Town's Board of Education participate in the Connecticut Teachers' Retirement System, which is a cost sharing multi-employer defined benefit pension plan administered by the Teacher Retirement Board (TRB). Chapter 167a of the Connecticut State Statutes grants authority to establish and amend the benefit terms to the TRB. The Teachers' Retirement System issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provision – The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized local school district coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving subsidized local school district coverage.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110.00 per month for a retired member, plus an additional \$110.00 per month for a spouse, enrolled in a local school district 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 been adjusted since July of 1996. A subsidy amount of \$220.00 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 \$220.00 per month towards coverage under a local school district plan. 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.

Contributions - Per CGS 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of the plan costs through an annual appropriation in the General Fund.

Local School District employers are not required to make contributions to the Plan. The state of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$2,433,540.

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 cost through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary Increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Investment rate of return	2.75%, net of investment related expense
<u>Municipal bond index rate:</u>	
Measurement Date	3.87%
Prior Measurement Date	3.56%

The projected fiduciary net position is projected to be depleted in 2019.

<u>Single equivalent interest rate:</u>	
Measurement Date	3.87%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.56%, net of OPEB plan investment expense, including price inflation

<u>Healthcare cost trend rates:</u>	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

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.

Long-Term Rate of Return - 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 of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the 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 target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.27%	2.74%
Price Inflation		2.75%	
Expected Rate of Return (Rounded Nearest 0.25%)		3.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projections basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.25%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the 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 of the single equivalent rate.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates – The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan’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 current healthcare cost trend rates:

	<u>1% Lower Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Higher Trend Rates</u>
Initial Healthcare Cost Trend Rate	4.95%	5.95%	6.95%
Ultimate Healthcare Cost Trend Rate	3.75%	4.75%	5.75%
Total OPEB Liability	\$6,139,027	\$7,325,540	\$8,900,546

Sensitivity of the Net OPEB Liability to Changes in Discount Rates – The following presents the net OPEB liability, calculated using the current discount rate, as well as what the 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 rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability	\$8,698,536	\$7,325,540	\$6,2289,771

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2019, 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 were 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>7,325,540</u>
Total		<u>\$ 7,325,540</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$2,433,540 in the governmental funds for on-behalf amounts fore the benefits provided by the State. In the government-wide financial statements, the Town recognized \$2,433,540 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5- OTHER INFORMATION

A. LITIGATION

The Town is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the Town’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

B. CONTINGENCIES

Grants – The Town has received state and federal grants for specific purposes that are subject to compliance audits pursuant to the Federal and State Single Audit Acts. 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.

School Building Grants – Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes, or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

The Town is involved in a number of civil actions and zoning matters. In the opinion of the Town attorney, the resolution of such matters should not have a significant impact on the Town.

C. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of assets, damage to and destruction of assets, error and omissions, and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town and Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the Town per covered participant is \$125,000. The Town retains an insurance policy for employee claims in excess of \$125,000. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by the Town and Board of Education budget appropriations and employee contributions, as required.

The following is a summary of changes in claims liability for the last three years:

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2019	\$ 283,000	\$ 3,485,644	\$ (3,513,644)	\$ 255,000
2018	\$ 252,000	\$ 3,290,536	\$ (3,259,536)	\$ 283,000
2017	\$ 348,000	\$ 3,333,931	\$ (3,429,931)	\$ 252,000

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5- OTHER INFORMATION (Continued)

The internal service funds are substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single, couple, or family) and trends in the insurance claims and estimates for administration. The claim liability reported in the internal service funds at June 30, 2019 are based on the requirements of GASB Statements number 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

D. RISKS AND UNCERTAINTIES

The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

E. MOTOR VEHICLE TAX CAP

Beginning in fiscal year 2017, the State of Connecticut Office of Policy and Management ("OPM" capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for the fiscal year 2020 and thereafter will be 45 mills.

F. GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

The impact of the following accounting pronouncements is currently being assessed by the Town as to the impact to the financial statements. Other recently issued financial statements are not expected to have a material effect to the Town's financial statements:

- **GASB Statement No. 84, *Fiduciary Activities***, is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town is aware of this statement and will assess its impact to ensure timely implementation.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5- OTHER INFORMATION (Continued)

- **GASB Statement No. 87, *Leases***, establishes a single model for least accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.
- **GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period***. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.
- **GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61***. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- **GASB Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangement associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2012. Earlier application is encouraged. The Town is not an issuer of conduit debt, therefore this Statement will have no effect on its financial statements.

NOTE 6- SUBSEQUENT EVENTS

In November 2019, the Town entered into a tax-exempt lease with Key Government Finance (the "Key Government Finance Ambulance Lease Purchase") for a new ambulance. The \$191,592 is for a term of 7 years at an interest rate of 3.21% and will be completed in November 2025.

On February 5, 2020, the Town issued \$4,385,000 of general obligation bond anticipation notes to refund the outstanding notes maturing on February 5, 2020 and to provide new money for various capital projects approved by the voters of the Town.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
	\$	\$	\$	\$	\$
REVENUES					
Property Taxation					
Property Taxes	26,777,715	-	26,777,715	25,754,278	(1,023,437)
Auto Tax Supplement	290,000	-	290,000	345,539	55,539
Prior Taxes	600,000	-	600,000	764,145	164,145
Suspense Collections	10,000	-	10,000	25,404	15,404
Interest and Lein Fees	320,000	-	320,000	318,407	(1,593)
	<u>27,997,715</u>	<u>-</u>	<u>27,997,715</u>	<u>27,207,773</u>	<u>(789,942)</u>
Intergovernmental - Other					
Tax Relief for the Elderly	80,000	-	80,000	-	(80,000)
In Lieu of Taxes, State Property	28,118	-	28,118	28,118	-
Municipal Revenue Sharing-Pymt in Lieu of Taxes	-	-	-	-	-
Town Aid Highways	393,812	-	393,812	297,793	(96,019)
Disability Grant	2,500	-	2,500	2,605	105
Local Capital Improvement Program	126,477	-	126,477	-	(126,477)
Nontaxpaying Hospital	140,952	-	140,952	140,952	-
Motor Vehicle Fines	2,700	-	2,700	4,138	1,438
Telephone Access Line Tax	15,000	-	15,000	14,690	(310)
Mashantucket Pequot Grant	60,839	-	60,839	60,839	-
Addvets Grant	35,000	-	35,000	27,347	(7,653)
Municipal Project Grant	437,917	-	437,917	437,917	-
Stabilization Grant	-	-	-	-	-
Bingo Permit Fees	-	-	-	1,511	1,511
Dept of Mental Health/Addiction Services	70,000	6,535	76,535	76,028	(507)
SDE (DCF)	18,000	5,496	23,496	23,921	425
Miscellaneous State Grants	10,000	-	10,000	-	(10,000)
State Police Grants	65,000	-	65,000	47,998	(17,002)
State Aid Grant for Senior Services	24,000	-	24,000	29,031	5,031
	<u>1,510,315</u>	<u>12,031</u>	<u>1,522,346</u>	<u>1,192,888</u>	<u>(329,458)</u>
Local Services					
Licenses, Fees and Permits	5,500	-	5,500	19,212	13,712
Town Clerk Fees	160,000	-	160,000	234,450	74,450
Zoning, Building, and Sanitation Fees	125,000	-	125,000	210,533	85,533
Service District Administration	-	-	-	-	-
Miscellaneous	30,000	211,996	241,996	363,912	121,916
July 4th Summerfest Revenue	15,000	-	15,000	30,100	15,100
Recycling Revenues	20,000	-	20,000	17,182	(2,818)
Constable Fees	110,000	-	110,000	256,313	146,313
Stafford Family Services	240,000	-	240,000	259,862	19,862
Housing Authority in Lieu of Taxes	15,000	-	15,000	12,856	(2,144)
Fire Marshall Revenue	15,000	-	15,000	20,048	5,048
Transfer Station Fees	200,000	-	200,000	240,317	40,317
Stafford Library Revenue	4,500	-	4,500	2,626	(1,874)
Town Donations Specified	10,000	-	10,000	10,000	-
Parking Violations	1,000	-	1,000	650	(350)
Summer Recreation	20,000	-	20,000	27,260	7,260
Ambulance Association Income	485,305	-	485,305	516,304	30,999
Fall Fest Revenue	-	-	-	2,345	2,345
	<u>1,456,305</u>	<u>211,996</u>	<u>1,668,301</u>	<u>2,223,970</u>	<u>555,669</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Investment Income					
Income on Investments	\$ 30,000	\$ -	\$ 30,000	\$ 69,508	\$ 39,508
Intergovernmental - Education					
Education Cost Sharing Grant	9,675,670	-	9,675,670	9,678,092	2,422
Adult Education	25,081	-	25,081	25,631	550
	<u>9,700,751</u>	<u>-</u>	<u>9,700,751</u>	<u>9,703,723</u>	<u>2,972</u>
Tuition					
Tuition Received	10,000	-	10,000	17,303	7,303
	<u>40,705,086</u>	<u>224,027</u>	<u>40,929,113</u>	<u>40,415,165</u>	<u>(513,948)</u>
Other Financing Sources					
BAN Proceeds	-	2,250,000	2,250,000	7,475,000	5,225,000
BAN Premium	-	-	-	144,595	144,595
Transfers in	477,000	-	477,000	327,000	(150,000)
Total Other Financing Sources	<u>477,000</u>	<u>2,250,000</u>	<u>2,727,000</u>	<u>7,946,595</u>	<u>5,219,595</u>
Total Revenues and Other Financing Sources					
	<u>41,182,086</u>	<u>2,474,027</u>	<u>43,656,113</u>	<u>48,361,760</u>	<u>4,705,647</u>
EXPENDITURES					
General Government					
Board of Selectmen	615,866	(2,658)	613,208	573,915	39,293
Probate Court	3,500	-	3,500	3,500	-
IT Technology	113,516	1,934	115,450	115,235	215
Registrar of Voters	64,070	-	64,070	54,917	9,153
Town Clerk Elections	2,000	-	2,000	448	1,552
Board of Finance	45,800	-	45,800	43,800	2,000
Board of Assessors	83,438	1,024	84,462	83,916	546
Board of Assessment Appeals	5,985	-	5,985	5,985	-
Tax Collector	79,830	-	79,830	79,315	515
Treasurer	96,862	1,332	98,194	98,075	119
Town Counsel	46,500	2,658	49,158	49,158	-
Town Clerk	88,370	-	88,370	83,468	4,902
Buildings	408,470	11,784	420,254	420,254	-
Fuel Oil	67,000	6,420	73,420	72,953	467
Fixed Charges	2,225,110	-	2,225,110	2,167,488	57,622
Capital Outlay	55,000	-	55,000	52,578	2,422
Judgement and Losses	5,000	-	5,000	310	4,690
	<u>4,006,317</u>	<u>22,494</u>	<u>4,028,811</u>	<u>3,905,315</u>	<u>123,496</u>
Public Safety					
Safety and Protection	61,600	7,836	69,436	69,382	54
Fire Marshall	71,785	1,128	72,913	72,873	40
Police Protection	843,813	87,642	931,455	913,521	17,934
Fire and Ambulance Service	1,021,295	28,800	1,050,095	1,050,027	68
	<u>1,998,493</u>	<u>125,406</u>	<u>2,123,899</u>	<u>2,105,803</u>	<u>18,096</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health	\$	\$	\$	\$	\$
Building Department/Zoning/Wetlands	184,050	5,550	189,600	183,637	5,963
Transfer Station Operations	457,157	17,616	474,773	469,875	4,898
Health District/Health Services	56,000	-	56,000	55,138	862
	<u>697,207</u>	<u>23,166</u>	<u>720,373</u>	<u>708,650</u>	<u>11,723</u>
Highways and Bridges					
General Highways	1,804,801	(29,943)	1,774,858	1,696,206	78,652
Town Aid Road	392,749	-	392,749	297,793	94,956
	<u>2,197,550</u>	<u>(29,943)</u>	<u>2,167,607</u>	<u>1,993,999</u>	<u>173,608</u>
Parks and Recreation					
Recreation Commission	209,610	(35,850)	173,760	154,369	19,391
Community Center	160,915	389	161,304	158,665	2,639
Parks	408,260	19,062	427,322	418,660	8,662
Holidays	26,000	-	26,000	23,518	2,482
	<u>804,785</u>	<u>(16,399)</u>	<u>788,386</u>	<u>755,212</u>	<u>33,174</u>
Sundry					
Arts Commission	4,000	-	4,000	4,000	-
Pollution Abatement	100	-	100	-	100
Stafford Family Services	274,800	6,146	280,946	281,019	(73)
SDE	18,000	5,496	23,496	23,306	190
DMHAS	75,000	6,535	81,535	76,464	5,071
	<u>371,900</u>	<u>18,177</u>	<u>390,077</u>	<u>384,789</u>	<u>5,288</u>
Planning and Zoning					
Economic Development Commission	2,000	-	2,000	1,204	796
Conservation Commission	1,915	-	1,915	1,861	54
	<u>3,915</u>	<u>-</u>	<u>3,915</u>	<u>3,065</u>	<u>850</u>
Education					
Board of Education	27,659,000	239,655	27,898,655	27,874,771	23,884
Total Education	<u>27,659,000</u>	<u>239,655</u>	<u>27,898,655</u>	<u>27,874,771</u>	<u>23,884</u>
Stafford Public Library	542,109	-	542,109	541,774	335
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service	2,200,810	-	2,200,810	7,407,373	(5,206,563)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>40,482,086</u>	<u>382,556</u>	<u>40,864,642</u>	<u>45,680,751</u>	<u>(4,816,109)</u>
Other Financing Uses					
Retirement of BAN	-	-	-	-	-
Transfers Out	135,000	2,602,073	2,737,073	2,490,778	246,295
Total Other Financing Uses	<u>135,000</u>	<u>2,602,073</u>	<u>2,737,073</u>	<u>2,490,778</u>	<u>246,295</u>
Total Expenditures and Other Financing Uses	<u>40,617,086</u>	<u>2,984,629</u>	<u>43,601,715</u>	<u>48,171,529</u>	<u>(4,569,814)</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>565,000</u>	<u>(510,602)</u>	<u>54,398</u>	<u>190,231</u>	<u>(135,833)</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Excess (Deficiency) of Revenues					
Over Expenditures - Budgetary Basis	\$ <u>565,000</u>	\$ <u>(510,602)</u>	\$ <u>54,398</u>	190,231	\$ <u>(135,833)</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on Behalf of the Town not Recorded on a Budgetary Basis:					
Revenues from Teachers' Retirement				4,112,732	
Expenditures for Teachers' Retirement				(4,112,732)	
Revenues from Teachers' OPEB				2,433,540	
Expenditures for Teachers' OPEB				(2,433,540)	
Encumbrances recorded on Budget Basis, but not on the Modified Accrual Basis				767,089	
Previous Year Encumbrances recorded on Modified Accrual Basis, but not the Budget Basis				(1,214,140)	
Liquidating Encumbrances from 17-18				3,326	
Town Aid Road expenditures transferred to TAR Fund					
Revenues				(297,793)	
Expenditures				297,793	
Funds combined for GAAP financial reporting purposes					
Compensation Fund				(12,500)	
Town Hall				37	
Zoning Subdivision				24	
Excess Cost Grant				18,523	
Blight Fund				196	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)					\$ <u>(247,214)</u>

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with General Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing long-term debt are included in the budget as the net revenue or expenditure expected; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Payroll is budgeted on a cash basis; 5. Revenues and expenditures from consolidated fund activities are not included in the general Fund budget.

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF STAFFORD EMPLOYEE RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 7 FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013
Town of Stafford Employee Retirement Plan							
Total Pension Liability							
Service cost	\$ 560,333	\$ 591,484	\$ 550,954	\$ 542,211	\$ 542,549	\$ 512,523	\$ 492,262
Interest on total pension liability	1,726,174	1,622,888	1,523,912	1,487,985	1,382,927	1,293,404	1,204,573
Changes of benefit terms	-	-	41,906	-	-	-	-
Differences between expected and actual experience	291,412	81,502	46,788	(49,703)	(66,267)	-	-
Assumption changes or inputs	339,202	741,160	170,098	121,507	1,588,623	-	-
Benefit payments	(1,162,763)	(1,003,601)	(918,329)	(811,997)	(723,969)	(613,462)	(523,580)
Net change in total pension liability	1,754,358	2,033,433	1,415,329	1,290,003	2,723,863	1,192,465	1,173,255
Total pension liability, beginning	25,119,380	23,085,947	21,670,618	20,380,615	17,656,762	16,464,297	15,291,042
Total pension liability, ending	26,873,738	25,119,380	23,085,947	21,670,618	20,380,625	17,656,762	16,464,297
Fiduciary Net Position							
Employer contributions	1,230,054	1,141,426	1,113,284	1,129,644	1,062,864	1,032,997	998,804
Employee contributions	-	-	-	-	-	-	-
Net investment income (loss)	823,074	746,123	1,270,537	(195,801)	182,471	1,462,811	745,682
Benefit payments	(1,162,763)	(1,003,601)	(918,329)	(811,997)	(723,969)	(613,462)	(523,580)
Administrative expenses	(22,750)	(37,919)	(24,643)	(26,714)	(36,112)	(20,451)	(13,899)
Net change in plan fiduciary net position	867,615	846,029	1,440,849	95,132	485,254	1,861,895	1,207,007
Fiduciary net position, beginning	15,673,294	14,827,265	13,386,416	13,291,284	12,806,030	10,944,135	9,737,128
Fiduciary net position, ending	16,540,909	15,673,294	14,827,265	13,386,416	13,291,284	12,806,030	10,944,135
Net pension liability, ending	\$ 10,332,829	\$ 9,446,086	\$ 8,258,682	\$ 8,284,202	\$ 7,089,341	\$ 4,850,732	\$ 5,520,162
Fiduciary net position as a % of total pension liability	61.55%	62.40%	64.23%	61.77%	65.22%	72.53%	66.47%
Covered payroll	5,468,424	5,638,931	\$ 5,578,904	\$ 5,672,766	\$ 6,082,745	\$ 5,815,088	\$ 5,851,121
Net pension liability as a % of covered payroll	188.95%	167.52%	148.03%	146.03%	116.55%	83.42%	94.34%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF STAFFORD EMPLOYEE RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 6 FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Actuarly determined contribution	\$ 1,230,054	\$ 1,141,426	\$ 1,111,296	\$ 1,109,486	\$ 1,062,864	\$ 1,032,997
Contributions in relation to the actuarly determined contribution	<u>1,230,054</u>	<u>1,141,426</u>	<u>1,113,284</u>	<u>1,129,644</u>	<u>1,062,864</u>	<u>1,032,997</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,988)</u>	<u>\$ (20,158)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,468,424	\$ 5,638,931	\$ 5,578,904	\$ 5,672,766	\$ 6,082,745	\$ 5,815,088
Contributions as a percentage of covered employee payroll	22.49%	20.24%	19.96%	19.91%	17.47%	17.76%

Notes to Schedule

Valuation Date

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	GASB liability: Entry Age
Amortization method	Level percent
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market
Inflation	2.60%
Salary increases	4.00%
Investment rate of return	6.75%
Retirement age	Early retirement - 55, Normal retirement - 65
Mortality	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF STAFFORD EMPLOYEE RETIREMENT PLAN
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
LAST 6 FISCAL YEARS

Fiscal Year	Net
Ending	Money-Weighted
June 30	Rate of Return
2019	5.19%
2018	4.87%
2017	9.21%
2016	-1.42%
2015	1.38%
2014	12.68%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS TRUST FUND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LIABILITY AND RELATED RATIOS
LAST 2 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 136,798	\$ 145,966
Interest	148,497	136,294
Changes of benefit terms	-	-
Differences between expected and actual experience	(942,996)	(23,054)
Changes of assumptions	94,556	(120,060)
Benefit payments	<u>(121,077)</u>	<u>(79,193)</u>
Net change in total OPEB liability	(684,222)	59,953
Total OPEB liability - beginning	<u>3,760,320</u>	<u>3,700,367</u>
Total OPEB liability - ending	<u>\$ 3,076,098</u>	<u>\$ 3,760,320</u>
Covered payroll	\$ 14,516,026	\$ 15,234,234
Net OPEB liability as a % of covered payroll	21.19%	24.68%

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
CONNECTICUT TEACHERS' RETIREMENT SYSTEM
LAST 5 FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	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>7,325,540</u>	\$ <u>10,000,685</u>
Total	\$ <u>7,325,540</u>	\$ <u>10,000,685</u>
Town's covered payroll	N/A	N/A
Town's proportionate share of the net OPEB liability as a percentage of covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
CONNECTICUT TEACHERS' RETIREMENT SYSTEM
LAST 5 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Changes in Net Pension Liability and Related Ratios					
Last 5 Years					
Town's percentage of collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability associated with the employer	\$ <u>36,644,803</u>	\$ <u>38,854,474</u>	\$ <u>40,991,768</u>	\$ <u>33,046,392</u>	\$ <u>30,544,767</u>
Total proportionate share of the collective net pension liability	\$ <u>36,644,803</u>	\$ <u>38,854,474</u>	\$ <u>40,991,768</u>	\$ <u>33,046,392</u>	\$ <u>30,544,767</u>
Employer covered payroll	\$ <u>12,391,285</u>	\$ <u>11,653,150</u>	\$ <u>11,349,028</u>	\$ <u>12,238,511</u>	\$ <u>11,524,012</u>
Employer proportionate share of the collective net pension liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a % of total pension liability	57.69%	55.93%	52.20%	59.50%	61.51%
Schedule of Employer Contributions					
Since Inception of GASB 67/68					
Contractually required Town contribution	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The Town is not required to contribute to the plan. The State contributes on behalf of the Town

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	In 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.5% net of investment expense, including inflation

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
GENERAL FUND – SUB FUNDS
JUNE 30, 2019

	General Fund	Compensation Fund	Town Hall Fund	Zoning Subdivision Fund	Excess Cost Fund	Blight Fund	Interfund Elimination	Total Consolidated General Fund
ASSETS								
Cash and equivalents	\$ 4,590,685	\$ 20,611	\$ 37,075	\$ 22,680	\$ 730,968	\$ 31,617	\$ -	\$ 5,433,636
Investments	2,151,019	-	-	-	-	-	-	2,151,019
Taxes receivable, net of allowance for uncollectible amounts	1,309,227	-	-	-	-	-	-	1,309,227
Other receivables								
Accounts	148,643	-	-	-	-	-	-	148,643
Intergovernmental	-	-	-	-	-	-	-	-
Due from other funds	3,353,363	30,778	-	-	-	-	(357,778)	3,026,363
Deposit on equipment lease	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 11,552,937</u>	<u>\$ 51,389</u>	<u>\$ 37,075</u>	<u>\$ 22,680</u>	<u>\$ 730,968</u>	<u>\$ 31,617</u>	<u>\$ (357,778)</u>	<u>\$ 12,068,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 522,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,678
Accrued payroll and related	92,503	-	-	-	-	-	-	92,503
Due to other funds	2,254,686	-	-	-	327,000	-	(357,778)	2,223,908
Unearned revenue	1,507,681	-	-	-	-	-	-	1,507,681
Total Liabilities	<u>4,377,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,000</u>	<u>-</u>	<u>(357,778)</u>	<u>4,346,770</u>
Deferred Inflows of Resources								
Unavailable revenues	924,699	-	-	-	-	-	-	924,699
Total Deferred Inflows of Resources	<u>924,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>924,699</u>
Fund Balances (Deficits)								
Committed	767,089	-	-	-	-	-	-	767,089
Assigned	588,901	51,389	37,075	22,680	-	31,617	-	731,662
Unassigned	4,894,700	-	-	-	403,968	-	-	5,298,668
Total Fund Balances	<u>6,250,690</u>	<u>51,389</u>	<u>37,075</u>	<u>22,680</u>	<u>403,968</u>	<u>31,617</u>	<u>-</u>	<u>6,797,419</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances								
	<u>\$ 11,552,937</u>	<u>\$ 51,389</u>	<u>\$ 37,075</u>	<u>\$ 22,680</u>	<u>\$ 730,968</u>	<u>\$ 31,617</u>	<u>\$ (357,778)</u>	<u>\$ 12,068,888</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
GENERAL FUND – SUB FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Compensation Fund	Town Hall Fund	Zoning Subdivision Fund	Excess Cost Grant Fund	Blight Fund	Interfund Elimination	Total Consolidated General Fund
REVENUES								
Taxes	\$ 27,207,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,207,773
Intergovernmental	17,442,883	-	-	-	345,049	-	-	17,787,932
Local sources	2,241,273	-	-	-	-	163	-	2,241,436
Interest income	69,508	89	37	24	474	33	-	70,165
Total Revenues	<u>46,961,437</u>	<u>89</u>	<u>37</u>	<u>24</u>	<u>345,523</u>	<u>196</u>	<u>-</u>	<u>47,307,306</u>
EXPENDITURES								
Current								
General government	3,843,685	23,367	-	-	-	-	-	3,867,052
Public safety	2,111,167	-	-	-	-	-	-	2,111,167
Health and social services	705,645	-	-	-	-	-	-	705,645
Public works	2,043,338	-	-	-	-	-	-	2,043,338
Parks and recreation	701,423	-	-	-	-	-	-	701,423
Planning and zoning	3,065	-	-	-	-	-	-	3,065
Sundry	916,454	-	-	-	-	-	-	916,454
Education	34,938,598	-	-	-	-	-	-	34,938,598
Debt service	2,182,373	-	-	-	-	-	-	2,182,373
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>47,445,748</u>	<u>23,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,469,115</u>
Excess (deficiency) of Revenues								
Over Expenditures	<u>(484,311)</u>	<u>(23,278)</u>	<u>37</u>	<u>24</u>	<u>345,523</u>	<u>196</u>	<u>-</u>	<u>(161,809)</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	327,000	10,778	-	-	-	-	(337,778)	-
Transfers out	(2,490,778)	-	-	-	(327,000)	-	337,778	(2,480,000)
Issuance of long term debt	7,475,000	-	-	-	-	-	-	7,475,000
Payment on BANS	(5,225,000)	-	-	-	-	-	-	(5,225,000)
Premium on financing	144,595	-	-	-	-	-	-	144,595
Total Other Financing Sources (Uses)	<u>230,817</u>	<u>10,778</u>	<u>-</u>	<u>-</u>	<u>(327,000)</u>	<u>-</u>	<u>-</u>	<u>(85,405)</u>
Net Changes in Fund Balances	(253,494)	(12,500)	37	24	18,523	196	-	(247,214)
Fund Balances - Beginning of Year	<u>6,504,184</u>	<u>63,889</u>	<u>37,038</u>	<u>22,656</u>	<u>385,445</u>	<u>31,421</u>	<u>-</u>	<u>7,044,633</u>
Fund Balances - End of Year	\$ <u>6,250,690</u>	\$ <u>51,389</u>	\$ <u>37,075</u>	\$ <u>22,680</u>	\$ <u>403,968</u>	\$ <u>31,617</u>	\$ <u>-</u>	\$ <u>6,797,419</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and equivalents	\$ 1,774,688	\$ 544,947	\$ 105,221	\$ 2,424,856
Investments	374,753	-	605,121	979,874
Restricted cash and equivalents	-	85,286	-	85,286
Taxes receivable, net of allowance for uncollectible amounts	39,042	-	-	39,042
Other receivables				
Accounts	377,192	-	-	377,192
Intergovernmental	60,046	118,395	-	178,441
Special assessments	59,638	-	-	59,638
Due from other funds	225,533	383,766	1,536	610,835
Inventories	10,257	-	-	10,257
Total Assets	<u>\$ 2,921,149</u>	<u>\$ 1,132,394</u>	<u>\$ 711,878</u>	<u>\$ 4,765,421</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 67,379	\$ -	\$ -	\$ 67,379
Due to other funds	2,745,487	198,857	6,979	2,951,323
Unearned revenue	37,214	-	4,000	41,214
Total Liabilities	<u>2,850,080</u>	<u>198,857</u>	<u>10,979</u>	<u>3,059,916</u>
Deferred inflows of resources				
Unavailable revenues	34,858	-	-	34,858
Total Deferred Inflows of Resources	<u>34,858</u>	<u>-</u>	<u>-</u>	<u>34,858</u>
Fund balances				
Nonspendable	10,257	-	188,280	198,537
Restricted	965,975	-	512,618	1,478,593
Committed	-	933,537	-	933,537
Assigned	751,244	-	-	751,244
Unassigned	(1,691,265)	-	-	(1,691,265)
Total Fund Balances	<u>36,211</u>	<u>933,537</u>	<u>700,898</u>	<u>1,670,646</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,921,149</u>	<u>\$ 1,132,394</u>	<u>\$ 711,877</u>	<u>\$ 4,765,420</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 360,684	\$ -	\$ -	\$ 360,684
Intergovernmental	834,885	168,474	-	1,003,359
Local sources	1,476,670	-	15,986	1,492,656
Investment income	4,780	-	69,441	74,221
Total Revenues	<u>2,677,019</u>	<u>168,474</u>	<u>85,427</u>	<u>2,930,920</u>
EXPENDITURES				
Current				
General Government	1,524,204	-	-	1,524,204
Public safety	21,196	-	-	21,196
Public works	657,597	-	-	657,597
Park and recreation	-	-	14,010	14,010
Sundry	91,082	-	9,549	100,631
Education	648,055	-	-	648,055
Capital outlay	-	234,148	-	234,148
Total Expenditures	<u>2,942,134</u>	<u>234,148</u>	<u>23,559</u>	<u>3,199,841</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(265,115)</u>	<u>(65,674)</u>	<u>61,868</u>	<u>(268,921)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	180,000	-	230,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>180,000</u>	<u>-</u>	<u>230,000</u>
Net Changes in Fund Balances	(215,115)	114,326	61,868	(38,921)
Fund Balances - Beginning of Year	<u>251,326</u>	<u>819,211</u>	<u>639,030</u>	<u>1,709,567</u>
Fund Balances - End of Year	<u>\$ 36,211</u>	<u>\$ 933,537</u>	<u>\$ 700,898</u>	<u>\$ 1,670,646</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Dog Fund	School Cafeteria Fund	Town Aid Road Fund	300th Anniversary Fund	Sewer Assessment Fund	Preservation Management of Historic Docs. Fund
ASSETS						
Cash and Equivalents	\$ 65,346	\$ 155,100	\$ 929,222	\$ 77,485	268,563	\$ 23,642
Investments	-	-	-	-	-	-
Restricted cash and equivalents	-	-	-	-	-	-
Taxes Receivable, Net of Allowance for Uncollectible Amounts	-	-	-	-	-	-
Other Receivables						
Accounts	-	-	-	-	-	-
Intergovernmental	-	60,046	-	-	-	-
Special Assessments	-	-	-	-	59,638	-
Due from Other Funds	11,077	-	-	50,000	-	566
Inventories	-	10,257	-	-	-	-
Total Assets	<u>\$ 76,423</u>	<u>\$ 225,403</u>	<u>\$ 929,222</u>	<u>\$ 127,485</u>	<u>328,201</u>	<u>\$ 24,208</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ -	\$ 37,316	\$ -	\$ 2,014	-	\$ 1,253
Due to Other Funds	6,599	29,251	297,793	32,444	126,161	6,564
Unearned revenue	-	10,786	-	-	-	-
Total Liabilities	<u>6,599</u>	<u>77,353</u>	<u>297,793</u>	<u>34,458</u>	<u>126,161</u>	<u>7,817</u>
Deferred Inflows of Resources						
Unavaible Revenues	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	10,257	-	-	-	-
Restricted	69,824	-	631,429	93,027	-	-
Committed						
Assigned	-	137,793	-	-	202,040	16,391
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>69,824</u>	<u>148,050</u>	<u>631,429</u>	<u>93,027</u>	<u>202,040</u>	<u>16,391</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	<u>\$ 76,423</u>	<u>\$ 225,403</u>	<u>\$ 929,222</u>	<u>\$ 127,485</u>	<u>328,201</u>	<u>\$ 24,208</u>

(continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Stafford Service District Fund	Open Space Fund	W.H. Heald Trust Fund	Miscellaneous Grant Fund	Town Commissions Fund	Utility Fund	Total Special Revenue Funds
ASSETS							
Cash and Equivalents	\$ 212,010	\$ 21,329	\$ 243	\$ 16,000	\$ 5,257	\$ 491	\$ 1,774,688
Investments	211,698	-	163,055	-	-	-	374,753
Restricted cash and equivalents	-	-	-	-	-	-	-
Taxes Receivable, Net of Allowance for Uncollectible Amounts	39,042	-	-	-	-	-	39,042
Other Receivables							
Accounts	-	-	-	-	-	377,192	377,192
Intergovernmental	-	-	-	-	-	-	60,046
Special Assessments	-	-	-	-	-	-	59,638
Due From other Funds	80,870	-	-	10,464	-	72,556	225,533
Inventories	-	-	-	-	-	-	10,257
Total Assets	<u>\$ 543,620</u>	<u>\$ 21,329</u>	<u>\$ 163,298</u>	<u>\$ 26,464</u>	<u>\$ 5,257</u>	<u>\$ 450,239</u>	<u>\$ 2,921,149</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 26,513	\$ -	\$ -	\$ 283	\$ -	\$ -	\$ 67,379
Due to Other Funds	65,398	-	20,673	18,440	660	2,141,504	2,745,487
Unearned revenue	26,428	-	-	-	-	-	37,214
Total Liabilities	<u>118,339</u>	<u>-</u>	<u>20,673</u>	<u>18,723</u>	<u>660</u>	<u>2,141,504</u>	<u>2,850,080</u>
Deferred Inflows of Resources							
Unavaible Revenues	34,858	-	-	-	-	-	34,858
Total Deferred Inflows of Resources	<u>34,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,858</u>
Fund Balances							
Nonspendable	-	-	-	-	-	-	10,257
Restricted	-	21,329	142,625	7,741	-	-	965,975
Committed							
Assigned	390,423	-	-	-	4,597	-	751,244
Unassigned	-	-	-	-	-	(1,691,265)	(1,691,265)
Total Fund Balances	<u>390,423</u>	<u>21,329</u>	<u>142,625</u>	<u>7,741</u>	<u>4,597</u>	<u>(1,691,265)</u>	<u>36,211</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	<u>\$ 543,620</u>	<u>\$ 21,329</u>	<u>\$ 163,298</u>	<u>\$ 26,464</u>	<u>\$ 5,257</u>	<u>\$ 450,239</u>	<u>\$ 2,921,149</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Dog Fund	School Cafeteria Fund	Town Aid Road Fund	300th Anniversary Fund	Sewer Assessment Fund	Preservation Management of Historic Docs. Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	-	\$ -
Intergovernmental	-	395,122	393,503	-	-	4,500
Local sources	33,829	250,991	-	97,089	30,305	6,340
Investment income	-	133	1,127	49	-	21
Total Revenues	<u>33,829</u>	<u>646,246</u>	<u>394,630</u>	<u>97,138</u>	<u>30,305</u>	<u>10,861</u>
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public safety	21,196	-	-	-	-	-
Public works	-	-	297,793	-	-	-
Sundry	-	-	-	54,111	-	8,136
Education	-	627,843	-	-	-	-
Total Expenditures	<u>21,196</u>	<u>627,843</u>	<u>297,793</u>	<u>54,111</u>	<u>-</u>	<u>8,136</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,633</u>	<u>18,403</u>	<u>96,837</u>	<u>43,027</u>	<u>30,305</u>	<u>2,725</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	-	-
Transfer in	-	-	-	50,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	12,633	18,403	96,837	93,027	30,305	2,725
Fund Balances - Beginning of Year	<u>57,191</u>	<u>129,647</u>	<u>534,592</u>	<u>-</u>	<u>171,735</u>	<u>13,666</u>
Fund Balances - End of Year	\$ <u>69,824</u>	\$ <u>148,050</u>	\$ <u>631,429</u>	\$ <u>93,027</u>	<u>202,040</u>	\$ <u>16,391</u>

(continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Stafford Service District Fund	Open Space Fund	W.H. Heald Trust Fund	Town Commissions Fund	Total Special Revenue Funds
REVENUES					
Taxes	\$ 388,464	\$ -	\$ -	\$ -	\$ 388,464
Intergovernmental	15,246	-	-	-	722,914
Local Sources	-	500	9,021	883	375,028
Investment Income	754	10	3	-	1,396
Total Revenues	<u>404,464</u>	<u>510</u>	<u>9,024</u>	<u>883</u>	<u>1,487,802</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	20,803
Public Works	364,221	-	-	-	776,393
Sundry	-	-	-	-	5,452
Education	-	-	16,948	-	647,574
Total Expenditures	<u>364,221</u>	<u>-</u>	<u>16,948</u>	<u>-</u>	<u>1,450,222</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>40,243</u>	<u>510</u>	<u>(7,924)</u>	<u>883</u>	<u>37,580</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net Changes in Fund Balances	40,243	510	(7,924)	883	(162,420)
Fund Balances - Beginning of Year	<u>332,475</u>	<u>19,298</u>	<u>160,099</u>	<u>4,368</u>	<u>1,619,203</u>
Fund Balances - End of Year	<u>\$ 372,718</u>	<u>\$ 19,808</u>	<u>\$ 152,175</u>	<u>\$ 5,251</u>	<u>\$ 1,456,783</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Sewer Inflow & Infiltration Fund	Staffordville Dam Repair Fund	School Facilities Capital Improvement Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Equivalents	\$ 195,033	\$ 52,070	\$ 223,057
Restricted cash and equivalents	-	-	-
Due from Other Funds	-	113,719	270,047
Receivable - Governmental	118,395	-	-
Total Assets	<u>313,428</u>	<u>165,789</u>	<u>493,104</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	2,418	-	160,168
Total Liabilities	<u>2,418</u>	<u>-</u>	<u>160,168</u>
 Fund balances			
Restricted	-	-	-
Committed	311,010	165,789	332,936
Total Fund Balances	<u>311,010</u>	<u>165,789</u>	<u>332,936</u>
 Total Liabilities and Fund Balances	<u>\$ 313,428</u>	<u>\$ 165,789</u>	<u>\$ 493,104</u>

(continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Combined Utility Project Fund	Fire Dept. Equipment Fund	Geo-Thermal Solar Project Fund	Total Capital Projects Funds
ASSETS				
Cash and Equivalents	\$ 72,667	\$ 2,120	\$ -	\$ 544,947
Restricted cash and equivalents	-	-	85,286	85,286
Due from Other Funds	-	-	-	383,766
Receivable - Governmental	-	-	-	118,395
Total Assets	<u>\$ 72,667</u>	<u>\$ 2,120</u>	<u>\$ 85,286</u>	<u>\$ 1,132,394</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	36,271	198,857
Total Liabilities	<u>-</u>	<u>-</u>	<u>36,271</u>	<u>198,857</u>
Fund balances				
Restricted	-	-	-	-
Committed	<u>72,667</u>	<u>2,120</u>	<u>49,015</u>	<u>933,537</u>
Total Fund Balances	<u>72,667</u>	<u>2,120</u>	<u>49,015</u>	<u>933,537</u>
Total Liabilities and Fund Balances	<u>\$ 72,667</u>	<u>\$ 2,120</u>	<u>\$ 85,286</u>	<u>\$ 1,132,394</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Sewer Inflow & Infiltration Fund	Staffordville Dam Repair Fund	School Facilities Capital Improvement Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Local Sources	-	-	-
Intergovernmental	168,474	-	-
Total Revenues	<u>168,474</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital Outlay	<u>234,148</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(65,674)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	180,000
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>180,000</u>
Net Changes in Fund Balances	(65,674)	-	180,000
Fund Balances - Beginning of Year	<u>376,684</u>	<u>165,789</u>	<u>152,936</u>
Fund Balances - End of Year	<u>\$ 311,010</u>	<u>\$ 165,789</u>	<u>\$ 332,936</u>

(continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Combined Utility Project Fund	Fire Dept. Equipment Fund	Geo-Thermal Solar Project Fund	Total Capital Projects Funds
REVENUES				
Investment Income	\$ -	\$ -	\$ -	\$ -
Local Sources	-	-	-	-
Intergovernmental	-	-	-	168,474
Total Revenues	-	-	-	168,474
EXPENDITURES				
Capital Outlay	-	-	-	234,148
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(65,674)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	180,000
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	180,000
Net Changes in Fund Balances	-	-	-	114,326
Fund Balances - Beginning of Year	72,667	2,120	49,015	819,211
Fund Balances - End of Year	\$ 72,667	\$ 2,120	\$ 49,015	\$ 933,537

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2019

	A.H. Colton Fund	Hyde Park Fund	Orcutt Award Fund	Stafford Cemetery Association Fund	H.W. Lord Memorial	Total Permanent Funds
ASSETS						
Cash and Equivalents	\$ 39,317	\$ 39,076	\$ 2,092	\$ (977)	\$ 25,713	\$ 105,221
Investments	284,174	117,028	-	203,919	-	605,121
Other Receivables						
Due from Other Funds	-	40	-	1,496	-	1,536
Total Assets	<u>\$ 323,491</u>	<u>\$ 156,144</u>	<u>\$ 2,092</u>	<u>\$ 204,438</u>	<u>\$ 25,713</u>	<u>\$ 711,878</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to Other Funds	\$ 3,187	3,792	-	-	-	6,979
Unearned Revenues	4,000	-	-	-	-	4,000
Total Liabilities	<u>7,187</u>	<u>3,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,979</u>
Nonspendable	38,368	114,171	2,000	11,241	22,500	188,280
Restricted	277,936	38,181	92	193,196	3,213	512,618
Total Fund Balances	<u>316,304</u>	<u>152,352</u>	<u>2,092</u>	<u>204,437</u>	<u>25,713</u>	<u>700,898</u>
Total Liabilities and Fund Balances	<u>\$ 323,491</u>	<u>\$ 156,144</u>	<u>\$ 2,092</u>	<u>\$ 204,437</u>	<u>\$ 25,713</u>	<u>\$ 711,877</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	A.H. Colton Fund	Hyde Park Fund	Orcutt Award Fund	Stafford Cemetery Association Fund	H.W. Lord Fund	Total Permanent Funds
REVENUES						
Local Sources	\$ 1,650	\$ 14,336	\$ -	\$ -	\$ -	\$ 15,986
Investment Income	50,074	-	5	19,304	58	69,441
Total Revenues	<u>51,724</u>	<u>14,336</u>	<u>5</u>	<u>19,304</u>	<u>58</u>	<u>85,427</u>
EXPENDITURES						
Current						
Park and Recreation	-	14,010	-	-	-	14,010
Sundry	5,198	-	-	4,351	-	9,549
Education	-	-	-	-	-	-
Total Expenditures	<u>5,198</u>	<u>14,010</u>	<u>-</u>	<u>4,351</u>	<u>-</u>	<u>23,559</u>
Net Changes in Fund Balances	46,526	326	5	14,953	58	61,868
Fund Balances - Beginning of Year	<u>269,778</u>	<u>152,026</u>	<u>2,087</u>	<u>189,484</u>	<u>25,655</u>	<u>639,030</u>
Fund Balances - End of Year	<u>\$ 316,304</u>	<u>\$ 152,352</u>	<u>\$ 2,092</u>	<u>\$ 204,437</u>	<u>\$ 25,713</u>	<u>\$ 700,898</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2019

	<u>Town</u>	<u>Volunteers</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments, at fair value	<u>15,673,294</u>	<u>15,728</u>	<u>15,689,022</u>
Total Assets	<u>\$ 15,673,294</u>	<u>\$ 15,728</u>	<u>\$ 15,689,022</u>
LIABILITIES			
Due to Others	\$ -	\$ -	\$ -
NET POSITION			
Restricted for pensions and other purposes	<u>15,673,294</u>	<u>15,728</u>	<u>15,689,022</u>
Total Net Assets	<u>\$ 15,673,294</u>	<u>\$ 15,728</u>	<u>\$ 15,689,022</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Town</u>	<u>Volunteers</u>	<u>Total</u>
ADDITIONS:			
Town Contributions	\$ 1,230,054	\$ 18,000	\$ 1,248,054
Investment income			
Net change in fair value of investments	862,862	-	862,862
Interest and dividends	<u>-</u>	<u>460</u>	<u>460</u>
Total Additions	<u>2,092,916</u>	<u>18,460</u>	<u>2,111,376</u>
DEDUCTIONS			
Benefits Paid	1,162,763	12,240	1,175,003
Plan Administration	<u>62,538</u>	<u>250</u>	<u>62,788</u>
Total Deductions	<u>1,225,301</u>	<u>12,490</u>	<u>1,237,791</u>
Change in Net Position	867,615	5,970	873,585
Net Position - Beginning of Year	<u>15,673,294</u>	<u>15,728</u>	<u>15,689,022</u>
Net Position - End of Year	<u>\$ 16,540,909</u>	<u>\$ 21,698</u>	<u>\$ 16,562,607</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2019

	<u>Food Bank</u> <u>Fund</u>	<u>Standish</u> <u>Fund</u>	<u>Veterans Memorial</u> <u>Fund</u>	<u>Fuel Bank</u> <u>Fund</u>	<u>Toys for Tots</u> <u>Fund</u>	<u>Community Center</u> <u>Fund</u>
ASSETS						
Cash and Equivalents	\$ <u>37,488</u>	\$ <u>6,505</u>	\$ <u>35</u>	\$ <u>47,970</u>	\$ <u>3,290</u>	\$ <u>673</u>
LIABILITIES						
Due to other funds	\$ <u>1,716</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
NET POSITION						
Restricted for other purposes	\$ <u>35,772</u>	\$ <u>6,505</u>	\$ <u>35</u>	\$ <u>47,970</u>	\$ <u>3,290</u>	\$ <u>673</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2019

	<u>Holt Memorial Fund</u>	<u>Soccer Field Project Fund</u>	<u>Tree Beautification Fund</u>	<u>Emergency Management Disaster Relief Fund</u>	<u>Total</u>
ASSETS					
Cash and Equivalents	\$ <u>9,037</u>	\$ <u>1,049</u>	\$ <u>646</u>	\$ <u>67</u>	\$ <u>106,760</u>
LIABILITIES					
Due to other funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,716</u>
NET POSITION					
Restricted for other purposes	\$ <u>9,037</u>	\$ <u>1,049</u>	\$ <u>646</u>	\$ <u>67</u>	\$ <u>105,044</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Food Bank Fund	Standish Fund	Veterans Memorial Fund	Fuel Bank Fund	Toys for Tots Fund	Community Center Fund
ADDITIONS						
Contributions						
Donations	\$ 3,068	\$ -	\$ 35	\$ 15,481	\$ 1,425	\$ -
Investment income						
Interest and dividends	101	18	-	141	10	3
Total Additions	3,169	18	35	15,622	1,435	3
DEDUCTIONS						
Sundry						
	1,133	-	-	9,574	700	-
Change in Net Position	2,036	18	35	6,048	735	3
Net Position - Beginning of Year	33,736	6,487	-	41,922	2,555	670
Net Position - End of Year	\$ 35,772	\$ 6,505	\$ 35	\$ 47,970	\$ 3,290	\$ 673

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Holt Memorial Fund	Soccer Field Project Fund	Tree Beautification Fund	Emergency Management Disaster Relief Fund	Total
ADDITIONS					
Contributions					
Donations	\$ -	\$ -	\$ -	\$ 1,620	\$ 21,629
Investment income					
Interest and dividends	25	2	2	3	305
Total Additions	25	2	2	1,623	21,934
DEDUCTIONS					
Sundry	-	-	-	1,556	12,963
Change in Net Position	25	2	2	67	8,971
Net Position - Beginning of Year	9,012	1,047	644	-	96,073
Net Position - End of Year	\$ 9,037	\$ 1,049	\$ 646	\$ 67	\$ 105,044

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets				
Cash	\$ 184,819	\$ 313,545	\$ (328,898)	\$ 169,466
Investments	7,978	-	(401)	7,577
Total Assets	\$ 192,797	\$ 313,545	\$ (329,299)	\$ 177,043
Liabilities				
Due to Students	\$ 192,797	\$ 313,545	\$ (329,299)	\$ 177,043
 Performance Bond Fund				
Assets				
Cash	\$ 49,082	\$ 28,096	\$ (36,000)	\$ 41,178
Liabilities				
Due to Others	\$ 49,082	\$ 28,096	\$ (36,000)	\$ 41,178
 Combined Total				
Assets				
Cash	\$ 233,901	\$ 341,641	\$ (364,898)	\$ 210,644
Investments	7,978	-	(401)	7,577
Total Assets	\$ 241,879	\$ 341,641	\$ (365,299)	\$ 218,221
Liabilities				
Due to Students and Others	\$ 241,879	\$ 341,641	\$ (365,299)	\$ 218,221

The notes to the financial statements are an integral part of this statement.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES FOR THE BOARD OF EDUCATION
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND – BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual Budgetary Basis	Variance with Final Budget
Salaries			
Certified personnel	\$ 11,141,763	\$ 11,046,254	\$ (95,509)
Non-certified personnel	5,627,865	5,284,157	(343,708)
	<u>16,769,628</u>	<u>16,330,411</u>	<u>(439,217)</u>
Employee Benefits			
Medical, dental and life insurance	3,200,306	3,237,396	37,090
Social security	229,263	248,437	19,174
Medicare	226,163	237,963	11,800
Non-certified pension	607,910	605,905	(2,005)
Unemployment compensation	118,183	18,480	(99,703)
Worker's compensation	194,661	189,739	(4,922)
	<u>4,576,486</u>	<u>4,537,920</u>	<u>(38,566)</u>
Purchased Services			
Contracted Instructional Services	131,000	109,848	(21,152)
Purch Prof/Tech Services	60,495	33,549	(26,946)
Other Professional Services	147,900	230,537	82,637
Water and Sewer	27,152	25,451	(1,701)
Custodial/Fire/Constable	10,999	3,560	(7,439)
Trash Removal	45,000	41,007	(3,993)
Repairs and Maintenance	659,021	536,281	(122,740)
Lease rental	133,981	142,317	8,336
Student Transportation	2,171,546	2,269,501	97,955
Property Insurance	117,237	106,426	(10,811)
Liability Insurance	87,606	79,300	(8,306)
Communications	112,238	93,221	(19,017)
Advertising	1,000	967	(33)
Printing and Binding	9,600	5,007	(4,593)
Out of District Tuition	676,893	1,275,303	598,410
Magnet School Tuition	156,150	197,897	41,747
Travel	18,400	17,600	(800)
Athletic / Other trips	69,161	77,391	8,230
Other Purchased Services	5,000	-	(5,000)
	<u>4,640,379</u>	<u>5,245,163</u>	<u>604,784</u>
Supplies and Materials			
IT Supplies	4,000	1,575	(2,425)
Instructional Supplies	400,331	287,720	(112,611)
Building Services Supplies	99,900	98,812	(1,088)
Fuel Oil	122,129	180,848	58,719
Electricity	513,100	513,100	-
Propane Gas	46,100	63,380	17,280
Gasoline	4,000	5,476	1,476
Textbooks	63,447	48,907	(14,540)
Library Materials	14,800	11,404	(3,396)
Equipment	223,580	189,513	(34,067)
Computer Software	78,495	65,401	(13,094)
	<u>1,569,882</u>	<u>1,466,136</u>	<u>(103,746)</u>
Other Objects			
Dues and Fees	186,030	174,890	(11,140)
Debt Related Expenditures	156,250	120,251	(35,999)
	<u>342,280</u>	<u>295,141</u>	<u>(47,139)</u>
Total Board of Education Expenditures	<u>\$ 27,898,655</u>	<u>\$ 27,874,771</u>	<u>\$ (23,884)</u>

The notes to the financial statements are an integral part of this statement.