

TOWN OF STAFFORD, CONNECTICUT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018

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, each major fund, and the aggregate remaining fund information of the Town of Stafford, Connecticut as of and for the year ended June 30, 2018, 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, each major fund, and the aggregate remaining fund information of the Town of Stafford, Connecticut, as of June 30, 2018, 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.

Changes in Accounting Principal

As discussed in Note 5F to the financial statements, during the fiscal year ended June 30, 2018, the Town of Stafford, Connecticut adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Stafford, Connecticut has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on 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, 2019, 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, 2019

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

This fiscal year was a difficult one, with the Governor holding back estimated municipal aid including Education Cost Sharing funds. Per Exhibit 4, we were able to minimize the loss of over 1.2 million in revenue. Management froze all budgets and together with the Board of Education we were able to provide the necessary services and maintenance even though the expenditures exceeded current revenue by \$324,860.

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.

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.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018

THE GOVERNMENT AS A WHOLE

The Government's *combined* net position decreased by \$2,347,170 from a year ago—*decreasing* from the restated amount of \$89,700,699 to \$87,353,529. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

	Governmental		Table 1		Total	
	Activities		Business-Type			
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	15,878,999	18,421,917	2,454,191	2,183,713	18,333,190	20,605,630
Capital Assets	118,725,896	121,294,883	1,410,154	1,482,437	120,136,050	122,777,320
Deferred Outflows	1,886,473	1,764,500	57,108	53,505	1,943,581	1,818,005
Total Assets	136,491,368	141,481,300	3,921,453	3,719,655	140,412,821	145,200,955
Deferred Inflows	45,942	756,105	21,060	72,713	67,002	828,818
Long-term liabilities outstanding	47,163,595	48,755,963	279,654	245,307	47,443,249	49,001,270
Other liabilities	1,928,302	2,268,533	738,348	554,965	2,666,650	2,823,498
Total Liabilities	49,137,839	51,780,601	1,039,062	872,985	50,176,901	52,653,586
Net position:						
Invested in capital assets, net of related debt	85,547,454	85,315,822	1,410,154	1,482,437	86,957,608	86,798,259
Restricted for:						
Expendable	3,737,505	3,243,717	0	0	3,737,505	3,243,717
Nonexpendable	199,601	199,947	0	0	199,601	199,947
Unrestricted	(2,131,031)	941,213	1,472,237	1,364,233	(658,794)	2,305,446
Total Net Position	87,353,529	89,700,699	2,882,391	2,846,670	90,235,920	92,547,369

Current assets for governmental activities decreased by \$2,542,918 mainly due to the Solar/Geo Thermal project lease payment, and the completion of the combined utility project for the sewer and water line for the Woodland Springs complex.

Capital assets for the governmental activities decreased by \$2,587,987 which is the net effect of the few assets placed in service and depreciation on the projects now being depreciated.

The decrease in Long-Term liabilities of \$1,592,368 is basically the pay down of existing debt.

The increase in governmental activities restricted net position of \$493,788 is due to amounts currently restricted for Education, General Government and Parks and Recreation. Also, the decrease in unrestricted net position of \$3,072,244 is primarily due to the increase in pension and other postemployment benefits of \$2,608,077 as well as the accrued interest payable of \$678,712 included in Exhibit 3a.

The Business-Type Activities increase in current assets is attributable to the increase fees and user charges. The increase has allowed the Water Pollution Control Authority to have an operating profit for the past four years of \$35,721, \$251,421, \$327,802 and \$206,472 respectively.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

	Table 2					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Service	3,434,265	3,929,385	1,724,907	1,587,540	5,159,172	5,516,925
Operating Grants and Contributions	15,584,452	17,206,864	0	0	15,584,452	17,206,864
Capital Grants and Contributions	0	20,179	0	0	0	20,179
	<u>19,018,717</u>	<u>21,156,428</u>	<u>1,724,907</u>	<u>1,587,540</u>	<u>20,743,624</u>	<u>22,743,968</u>
General Revenues						
Property Taxes	26,723,225	26,007,863	0	0	26,723,225	26,007,863
Other Taxes	0	0	0	0	0	0
Investment Earnings	59,638	101,882	3,635	3,274	63,273	105,156
Grants & Contributions-unrestricted	990,830	1,554,144	0	0	990,830	1,554,144
Other	669,092	111,284	0	0	669,092	111,284
Special Revenues:						
Net Unrealized Gain (Loss) on Stocks	56,289	107,351	0	0	56,289	107,351
Total Revenues	<u>47,517,791</u>	<u>49,038,952</u>	<u>1,728,542</u>	<u>1,590,814</u>	<u>49,246,333</u>	<u>50,629,766</u>
Expenses:						
General Government	6,281,804	5,144,640	0	0	6,281,804	5,144,640
Public Safety	1,828,109	1,899,320	0	0	1,828,109	1,899,320
Public Works	3,307,523	2,980,583	0	0	3,307,523	2,980,583
Social Services and Health	835,689	720,847	0	0	835,689	720,847
Parks and Recreation	688,555	720,633	0	0	688,555	720,633
Planning and Zoning	2,601	5,343	0	0	2,601	5,343
Sundry	1,014,199	1,038,981	0	0	1,014,199	1,038,981
Education	35,275,268	35,137,976	0	0	35,275,268	35,137,976
Interest on Long-Term Debt	631,213	560,775	0	0	631,213	560,775
Sewer	0	0	1,692,821	1,339,393	1,692,821	1,339,393
Total Expenses	<u>49,864,961</u>	<u>48,209,098</u>	<u>1,692,821</u>	<u>1,339,393</u>	<u>51,557,782</u>	<u>49,548,491</u>
Increase(Decrease) in Net Position	<u>(2,347,170)</u>	<u>829,854</u>	<u>35,721</u>	<u>251,421</u>	<u>(2,311,449)</u>	<u>1,081,275</u>

Decrease in Operating Grants of \$1,622,412 is based on reduced ECS funding as well as non-taxpaying hospital funding.

Increase in General Government of \$1,137,164 is mainly due to the increase in the depreciation of the Solar/Geo Thermal Projects.

THE GOVERNMENT'S FUNDS

In Exhibit 4 the Town actually has a decrease in the change of total governmental funds of \$1,040,249. The difference between exhibit 4 decrease and the governmental Activities decrease of \$2,347,170 is attributable to the accounting for Capital Assets, Certain Revenues as well as long term liabilities as detailed in exhibit 4a.

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

- The Town had a decrease in the Utility Fund of \$472,928 based on the savings and ZREC revenue did not meet the amount of the lease payments. It should be noted that the fund was supposed to receive savings and revenue before the first least payment, but is currently making the payment before the savings and ZREC revenue are realized each year.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

- The Net Change in Fund Balance for the General Fund was a decrease of \$324,860, compared to an increase of \$598,713 in 2017 and \$525,261 in 2016.
- The decrease in Total Governmental Funds of \$1,040,249 is due mainly to the expenditures utilizing Town Aid Road, completion of the Energy Improvement projects, and the Utility Fund expenditures mentioned above.

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:

	Final		
	Budget	Actual	Variance
Revenues			
Property Taxation	\$ 27,567,809	\$ 26,553,111	\$ (1,014,698)
Intergovernmental - Other	1,828,471	1,538,781	(289,690)
Local Sources	1,483,850	1,510,337	26,487
Investment Income	25,000	49,827	24,827
Intergovernmental - Education	9,487,645	8,523,251	(964,394)
Tuition Received	0	8,649	8,649
Other Financing Sources	912,000	6,350,485	5,438,485
Total Revenues	41,304,775	44,534,441	3,229,666
Expenditures			
General Government	3,865,985	3,606,920	259,065
Public Safety	1,978,901	1,890,295	88,606
Health	764,540	711,428	53,112
Highways and Bridges	2,257,565	2,130,455	127,110
Parks and Recreation	774,412	716,868	57,544
Planning and Zoning	5,915	2,601	3,314
Sundry	383,218	363,964	19,254
Education	27,659,000	27,130,343	528,657
Stafford Public Library	538,183	495,090	43,093
Debt Service	2,156,450	1,866,867	289,583
Other Financing Uses	245,606	6,164,828	(5,919,222)
Total Expenses	40,629,775	45,079,659	(4,449,884)
Increase(Decrease) in Net Postion	\$ 675,000	\$ (545,218)	\$ (1,220,218)

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Significant variances are summarized as follows:

- The Town accounted for uncollectible taxes of \$565,000. The balance of the decrease is due to the fact that there was no tax sale of delinquent properties in 2017-2018. There will be a tax sale in the 2018-2019 fiscal year.
- The variance in the Intergovernmental – Education and Other revenue is due to the cut in ECS Funding and Non-taxpaying hospital funding by the State of CT.
- The variance in 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 not applied for this funding as of June 30, 2018.
- The Board of Education had a savings of \$528,657 as promised when the ECS funding was cut by Governor Malloy in the fall of 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$118,725,897 invested governmental activity capital assets. This amount represents a net decrease (including additions and deductions) of \$2,587,891 from last year. This is primarily due to construction in process on the Combined Utility Project and Solar and GEO-Thermal projects have been placed in service and the depreciation exceeded the amount of additions to fixed assets. 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 \$17,000,483 in bonds and notes outstanding. This is a decrease of \$1,567,615 from last year. 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 Government's elected and appointed officials instituted a spending freeze in October 2017 due to the cut in State Municipal Aid. The Board of Finance chose not to increase the mill rate to cover the shortage in State Aid and The Board of Education and Board of Selectmen agreed to not spend their entire appropriations. Utilizing transfers from other funds the Town was able to minimize the impact to the Town's reserves. When establishing a budget for the 2018-2019 Fiscal year, the Boards held their budgets to a minimum, and actually the overall budget for 2018-2019 was decreased by \$6,143.

The State of Connecticut's Office of Policy and Management ("OPM") has adopted a new law that could possibly affect the Government's budgets in subsequent years. The motor vehicle mill rate will be capped at 37 mills in fiscal-year 2017 and 37 mills in fiscal-year 2018 and annually thereafter. The Towns current mill rate for 18-19 is 34.26.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
YEAR ENDING JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 9,510,290	\$ 2,181,681	\$ 11,691,971
Investments	821,277	-	821,277
Restricted cash and equivalents	85,286	-	85,286
Receivables			
Taxes, net	1,591,585	-	1,591,585
Accounts	652,090	-	652,090
Usage	-	177,375	177,375
Interest	-	92,128	92,128
Loans	2,301,332	-	2,301,332
Intergovernmental	111,941	-	111,941
Special assessments	124,408	-	124,408
Internal balances	669,469	661,066	1,330,535
Deposit on equipment lease	-	-	-
Prepays	11,321	3,007	14,328
Capital assets			
Nondepreciable	2,023,656	-	2,023,656
Depreciable, net of accumulated depreciation	116,702,240	1,410,154	118,112,394
Total Assets	<u>134,604,895</u>	<u>4,525,411</u>	<u>139,130,306</u>
DEFERRED OUTFLOWS OF RESOURCES			
Difference in projected and actual earnings - pension	730,853	22,297	753,150
Change in assumptions - pension	1,141,032	34,811	1,175,843
Deferred charge on refunding	14,588	-	14,588
Total Deferred Outflows of Resources	<u>1,886,473</u>	<u>57,108</u>	<u>1,943,581</u>
LIABILITIES			
Accounts payable	450,382	77,282	527,664
Accrued payroll and related	6,347	-	6,347
Accrued interest payable	678,712	-	678,712
Risk management claims payable	283,000	-	283,000
Unearned revenues	509,861	19,658	529,519
Non-current liabilities			
Due within one year	6,877,260	-	6,877,260
Due in more than one year	40,286,335	279,654	40,565,989
Total Liabilities	<u>49,091,897</u>	<u>376,594</u>	<u>49,468,491</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual experience - pension	45,942	1,402	47,344
Total Deferred Inflows of Resources	<u>45,942</u>	<u>1,402</u>	<u>47,344</u>
NET POSITION			
Net investment in capital assets	85,547,454	1,410,154	86,957,608
Restricted			
Expendable	3,737,505	-	3,737,505
Nonexpendable	199,601	-	199,601
Unrestricted	(2,131,031)	1,472,237	(658,794)
Total Net Position	<u>\$ 87,353,529</u>	<u>\$ 2,882,391</u>	<u>\$ 90,235,920</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDING JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
Governmental activities							
General government	\$ 6,281,804	\$ 416,439	\$ -	\$ -	\$ (5,865,365)	\$ -	\$ (5,865,365)
Public safety	1,828,109	575,147	35,754	-	(1,217,208)	-	(1,217,208)
Health and social services	835,689	443,734	100,024	-	(291,931)	-	(291,931)
Public works	3,307,523	1,522,196	409,058	-	(1,376,269)	-	(1,376,269)
Parks and recreation	688,555	41,800	-	-	(646,755)	-	(646,755)
Planning and zoning	2,601	-	-	-	(2,601)	-	(2,601)
Sundry	1,014,199	90,331	4,000	-	(919,868)	-	(919,868)
Education	35,275,268	344,618	15,035,616	-	(19,895,034)	-	(19,895,034)
Interest on long-term debt	631,213	-	-	-	(631,213)	-	(631,213)
Total Governmental Activities	\$ 49,864,961	\$ 3,434,265	\$ 15,584,452	\$ -	(30,846,244)	-	(30,846,244)
Business-type activities							
Sewer	1,692,821	1,724,907	-	-	-	32,086	32,086
Total Business-type Activities	1,692,821	1,724,907	-	-	-	32,086	32,086
Total Primary Government	\$ 51,557,782	\$ 5,159,172	\$ 15,584,452	\$ -	-	32,086	(30,814,158)
General Revenues							
Property Taxes, payments in lieu of taxes, interest and liens					26,723,225		26,723,225
Grants and contributions not restricted to specific programs					990,830		990,830
Unrestricted interest and investment earnings					59,638	3,635	63,273
Other general revenues					669,092		669,092
Special items							
Net unrealized gain on stocks					56,289		56,289
Total General Revenues and Special Items					28,499,074	3,635	28,502,709
Change in Net Position					(2,347,170)	35,721	(2,311,449)
Net Position - Beginning of Year (Restated)					89,700,699	2,846,670	92,547,369
Net Position - End of Year					\$ 87,353,529	\$ 2,882,391	\$ 90,235,920

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

TOWN OF STAFFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDING JUNE 30, 2018

	General Fund	Educational Grant Fund	Small Cities Grants Fund	Utility Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Equivalents	\$ 5,432,383	\$ 457,062	\$ 216,809	\$ 276,278	\$ 2,456,625	\$ 8,839,157
Investments	-	-	-	-	821,277	821,277
Restricted cash and equivalents	-	-	-	-	85,286	85,286
Taxes Receivable, Net of Allowance for Uncollectible Amounts	1,570,794	-	-	-	20,791	1,591,585
Other Receivables						
Accounts	118,076	-	-	533,311	703	652,090
Loans	-	-	2,301,332	-	-	2,301,332
Intergovernmental	141	37,277	-	-	74,523	111,941
Special assessments	-	-	-	-	124,408	124,408
Due from other funds	4,382,328	-	-	99,858	731,575	5,213,761
Deposit on equipment lease	-	-	-	-	-	-
Inventories	-	-	-	-	11,321	11,321
Total Assets	<u>\$ 11,503,722</u>	<u>\$ 494,339</u>	<u>\$ 2,518,141</u>	<u>\$ 909,447</u>	<u>\$ 4,326,509</u>	<u>\$ 19,752,158</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 361,682	\$ 37,035	\$ -	\$ -	\$ 51,665	\$ 450,382
Accrued Payroll and Related	6,347	-	-	-	-	6,347
Due to other funds	2,603,110	442,932	23,189	2,114,904	1,333,352	6,517,487
Unamed revenues	494,958	-	-	-	14,903	509,861
Total Liabilities	<u>3,466,097</u>	<u>479,967</u>	<u>23,189</u>	<u>2,114,904</u>	<u>1,399,920</u>	<u>7,484,077</u>
Deferred Inflows of Resources						
Unavailable revenues	992,992	-	-	-	11,564	1,004,556
Total Deferred Inflows of Resources	<u>992,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,564</u>	<u>1,004,556</u>
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	199,601	199,601
Restricted	-	14,372	2,494,952	-	1,214,515	3,723,839
Committed	1,214,140	-	-	-	819,213	2,033,353
Assigned	497,610	-	-	-	681,696	1,179,306
Unassigned	5,332,883	-	-	(1,205,457)	-	4,127,426
Total Fund Balances	<u>7,044,633</u>	<u>14,372</u>	<u>2,494,952</u>	<u>(1,205,457)</u>	<u>2,915,025</u>	<u>11,263,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,503,722</u>	<u>\$ 494,339</u>	<u>\$ 2,518,141</u>	<u>\$ 909,447</u>	<u>\$ 4,326,509</u>	<u>\$ 19,752,158</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
YEAR ENDING JUNE 30, 2018

Fund Balances - Total Governmental Funds	\$	11,263,525
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.		118,725,896
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.		2,361,328
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.		14,588
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,004,556
Deferred outflows - difference between projected and actual earnings		730,853
Deferred outflow - change in assumptions		1,141,032
Deferred outflows - difference in expected and actual experience		(45,942)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(678,712)
Bonds payable		(45,793,281)
Premium on bonds		67,978
Capital lease obligations		1,233,003
Compensated absences		(63,218)
Pension obligations payable		(1,153,057)
Other post-employment benefits obligations payable		(1,455,020)
Net Position of Governmental Activities	\$	<u>87,353,529</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
YEAR ENDING JUNE 30, 2018

	General Fund	Educational Grant Fund	Small Cities Grants Fund	Utility Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 26,553,111	\$ -	\$ -	\$ -	\$ 388,464	\$ 26,941,575
Intergovernmental	15,135,353	1,129,188	-	-	722,914	16,987,455
Local sources	1,519,271	-	69,629	1,108,185	397,320	3,094,405
Investment income	50,227	-	88	43	65,569	115,927
Total Revenues	<u>43,257,962</u>	<u>1,129,188</u>	<u>69,717</u>	<u>1,108,228</u>	<u>1,574,267</u>	<u>47,139,362</u>
EXPENDITURES						
Current						
General government	3,627,946	-	-	1,581,156	-	5,209,102
Public safety	1,843,131	-	-	-	20,803	1,863,934
Health and social services	790,293	-	-	-	-	790,293
Public works	2,046,156	-	-	-	776,393	2,822,549
Parks and recreation	712,070	-	-	-	21,214	733,284
Planning and zoning	2,601	-	-	-	-	2,601
Sundry	859,609	-	100,745	-	19,532	979,886
Education	31,619,806	1,102,795	-	-	647,724	33,370,325
Debt service	1,866,867	-	-	-	-	1,866,867
Capital outlay	-	-	-	-	68,770	68,770
Total Expenditures	<u>43,368,479</u>	<u>1,102,795</u>	<u>100,745</u>	<u>1,581,156</u>	<u>1,554,436</u>	<u>47,707,611</u>
Excess (deficiency) of Revenues						
Over Expenditures	<u>(110,517)</u>	<u>26,393</u>	<u>(31,028)</u>	<u>(472,928)</u>	<u>19,831</u>	<u>(568,249)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	382,485	-	-	-	124,828	507,313
Transfers out	(124,828)	-	-	-	(382,485)	(507,313)
Issuance of BANS	5,518,000	-	-	-	-	5,518,000
Payment on BANS	(5,990,000)	-	-	-	-	(5,990,000)
Premium on financing	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(214,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,657)</u>	<u>(472,000)</u>
Net Changes in Fund Balances	(324,860)	26,393	(31,028)	(472,928)	(237,826)	(1,040,249)
Fund Balances - Beginning of Year	<u>7,369,493</u>	<u>(12,021)</u>	<u>2,525,980</u>	<u>(732,529)</u>	<u>3,152,851</u>	<u>12,303,774</u>
Fund Balances - End of Year	<u>\$ 7,044,633</u>	<u>\$ 14,372</u>	<u>\$ 2,494,952</u>	<u>(1,205,457)</u>	<u>\$ 2,915,025</u>	<u>\$ 11,263,525</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
YEAR ENDING JUNE 30, 2018

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,040,249)</u>
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	673,063
Depreciation expense	<u>(3,242,050)</u>
	<u>(2,568,987)</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>(218,350)</u>
	<u>(218,350)</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	(5,518,000)
Principal payments on long-term debt	7,151,510
Principal payments on capital leases	<u>1,233,003</u>
	<u>2,866,513</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	74,144
Compensated absences	(63,218)
Pension and other post employment benefits asset/liability	<u>(1,110,655)</u>
	<u>(1,099,729)</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.	
	<u>(286,368)</u>
Change in Net Position of Governmental Activities	<u>\$ (2,347,170)</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDING JUNE 30, 2018

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Sewer User Fund	Internal Service Fund
ASSETS		
Current assets		
Cash and equivalents	\$ 2,181,681	\$ 671,133
Receivables	-	-
Usage	177,375	-
Interest	92,128	-
Prepaid expenses	3,007	-
Due from other funds	-	1,976,275
Total Current Assets	<u>2,454,191</u>	<u>2,647,408</u>
Noncurrent assets		
Capital assets		
Land improvements	541,500	-
Building and improvements	2,932,233	-
Machinery and equipment	1,571,643	-
Construction-in-progress	-	-
	<u>5,045,376</u>	<u>-</u>
Less - Accumulated depreciation	<u>(3,635,222)</u>	<u>-</u>
Total Capital Assets, net of accumulated depreciation	<u>1,410,154</u>	<u>-</u>
 Total Assets	 <u>3,864,345</u>	 <u>2,647,408</u>
DEFERRED OUTFLOWS OF RESOURCES		
Difference in projected and actual earnings - pension	22,297	-
Change in assumptions - pension	34,811	-
Total Deferred Outflows of Resources	<u>57,108</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	77,282	-
Due to other funds	661,066	3,080
Risk management claims payable	-	283,000
Total Current Liabilities	<u>738,348</u>	<u>286,080</u>
Noncurrent Liabilities		
Net pension obligation	<u>279,654</u>	<u>-</u>
Total Liabilities	<u>1,018,002</u>	<u>286,080</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes paid in advance	19,658	-
Difference in expected and actual experience - pension	1,402	-
Total Deferred Inflows of Resources	<u>21,060</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,410,154	-
Unrestricted	1,472,237	2,361,328
Total Net Position	<u>\$ 2,882,391</u>	<u>\$ 2,361,328</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
YEAR ENDING JUNE 30, 2018

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Sewer User Fund	Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 1,724,907	\$ -
Premiums	<u>-</u>	<u>3,663,984</u>
Total Operating Revenues	<u>1,724,907</u>	<u>3,663,984</u>
OPERATING EXPENSES		
Salaries and benefits	674,189	-
Repairs, maintenance and rentals	508,181	-
Utilities	134,045	-
Supplies and materials	53,831	-
General and administrative	171,042	660,484
Claims	-	3,290,536
Depreciation	<u>151,533</u>	<u>-</u>
Total Operating Expenses	<u>1,692,821</u>	<u>3,951,020</u>
Income from Operations	<u>32,086</u>	<u>(287,036)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	3,635	668
Interest expense	-	-
Other non-operating expense - bad debt recovery	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>3,635</u>	<u>668</u>
Change in Net Position	35,721	(286,368)
Net Position - beginning of Year	<u>2,846,670</u>	<u>2,647,696</u>
Net Position - End of Year	<u>\$ 2,882,391</u>	<u>\$ 2,361,328</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDING JUNE 30, 2018

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Sewer User Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 1,649,823	\$ 2,300,252
Cash payments for operating expenses	(1,329,508)	(3,918,455)
Net Cash from Operating Activities	<u>320,315</u>	<u>(1,618,203)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Lease payments	-	-
Capital Assets Purchased	(79,250)	-
Net Cash from Capital and Related Financing Activities	<u>(79,250)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>3,635</u>	<u>668</u>
Net Increase in Cash and Equivalents	244,700	(1,617,535)
Cash and Equivalents - Beginning of Year	<u>1,936,981</u>	<u>2,288,668</u>
Cash and Equivalents - End of Year	<u>\$ 2,181,681</u>	<u>\$ 671,133</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 32,086	\$ (287,036)
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	151,533	-
Change in net position obligation and related deferred outflows and inflows	(2,943)	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(22,771)	-
(Increase) decrease in due from other funds	-	(1,363,732)
(Increase) decrease in prepaid expenses	(3,007)	-
Increase (decrease) in accounts payable	9,766	-
Increase (decrease) in due to other funds	173,617	1,565
Increase (decrease) in risk management claims payable	-	31,000
Increase (Decrease) in taxes paid in advance	(52,313)	-
Net Cash from Operating Activities	<u>\$ 285,968</u>	<u>\$ (1,618,203)</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDING JUNE 30, 2018

	<u>Pension Trust</u> <u>Fund s</u>	<u>Private Purpose</u> <u>Trust Funds</u>	<u>Agency</u> <u>Funds</u>
ASSETS			
Cash	\$ -	\$ 104,478	\$ 233,901
Investments, at fair value	<u>15,689,022</u>	<u>-</u>	<u>7,978</u>
Total Assets	<u>\$ 15,689,022</u>	<u>\$ 104,478</u>	<u>\$ 241,879</u>
LIABILITIES			
Due to Students and Others	<u>\$ -</u>	<u>\$ 8,405</u>	<u>\$ 241,879</u>
NET POSITION			
Restricted for pensions and other purposes	<u>\$ 15,689,022</u>	<u>\$ 96,073</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
YEAR ENDING JUNE 30, 2018

	Pension Trust Fund s	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS		
Contributions		
Employer	\$ 1,159,426	\$ -
Donations	-	25,309
	<u> </u>	<u> </u>
Total Contributions	1,159,426	25,309
	<u> </u>	<u> </u>
Investment income		
Net change in fair value of investments	746,122	-
Interest and dividends	472	187
	<u> </u>	<u> </u>
Total Investment Income	746,594	187
	<u> </u>	<u> </u>
Total Additions	1,906,020	25,496
	<u> </u>	<u> </u>
DEDUCTIONS		
Pension benefits	1,019,181	-
Administrative fees	38,168	-
Sundry	-	12,867
	<u> </u>	<u> </u>
Total Deductions	1,057,349	12,867
	<u> </u>	<u> </u>
Change in Net Position	848,671	12,629
Net Position - Beginning of Year	14,840,351	83,444
	<u> </u>	<u> </u>
Net Position - End of Year	\$ 15,689,022	\$ 96,073
	<u> </u>	<u> </u>

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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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. 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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

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 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.

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

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.

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

WPCF Upgrade Fund – is used to complete the upgrade on the Water Pollution Control Facility

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- 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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2018.

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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2016, 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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY *(Continued)*

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, 2018:

Statement of Net Position	
Cash and equivalents	\$ 11,691,970
Restricted Cash and Equivalents	85,286
Investments	<u>821,277</u>
	<u>12,598,533</u>
Fiduciary Funds	
Cash and equivalents	338,379
Investments	<u>15,697,000</u>
	<u>16,035,379</u>
Total Cash and Investments	<u>\$ 28,633,912</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ 8,943,799
Plus: External Investment Pools (STIF)	3,086,550
Less: Certificates of deposits (in investments)	<u>(821,277)</u>
	<u>\$ 11,209,072</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$9,786,707 and the bank balance was \$10,871,994, which was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,786,707
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	<u>1,085,287</u>
	<u>\$ 10,871,994</u>

Investments – Investments are summarized as follows at June 30, 2018

Investments reported in Governmental Funds:

	Other Governmental <u>Funds</u>
Certificates of deposit	\$ 382,597
Stocks	<u>438,680</u>
	<u>\$ 821,277</u>

Investments reported in Fiduciary Funds:

Investments reported in Governmental Funds:

	<u>Town Pension</u>	<u>Student Activity</u>	<u>Total Investments</u>
Stocks	\$ 6,496,795	\$ -0-	\$ 6,496,795
Mutual funds - equity	-0-	7,978	7,978
Mutual funds – specialty	1,280,999	-0-	1,280,999
Mutual Funds – bonds	<u>7,895,500</u>	<u>-0-</u>	<u>7,895,500</u>
	<u>\$15,673,294</u>	<u>\$ 7,978</u>	<u>\$15,681,272</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Below is a summary of the interest rate risk and credit risk as of June 30, 2018:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)	
			Less Than 1 Year	1-5 Years
Certificates of deposit	NA	\$ 382,597	\$ -	\$ 382,597
Stocks	NA	6,935,475	6,935,475	
Mutual funds - equity	NA	7,978	7,978	
Mutual funds - specialty	NA	1,280,999	1,280,999	
Mutual funds - bonds	A-	7,895,500	7,895,500	
		<u>\$ 16,502,549</u>	<u>\$ 16,119,952</u>	<u>\$ 382,597</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	\$ 382,597	\$ -	\$ -	\$ -
Stocks	-	6,935,475	-	-
Mutual funds - equity	-	7,978	-	-
Mutual funds - specialty	-	1,280,999	-	-
Mutual funds - bonds	-	7,895,500	-	-
	<u>382,597</u>	<u>\$ 16,119,952</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	\$ 988,492	\$ 11,564
Intergovernmental revenue	4,500	-
	<u>\$ 992,992</u>	<u>\$ 11,564</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018:

	General Fund	Other Governmental Funds
Taxes collected in advance	\$ 494,958	\$ 14,903

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, 2018 these were summarized as follows:

	Due to				
	General Fund	Utility Fund	Other Governmental Funds	Internal Service Fund	
Due from					
General Fund	\$ -	\$ 29,478	\$ 601,556	\$ 1,972,076	\$ 2,603,110
Educational Grant Fund	312,912		130,019	-	442,931
Small Cities Grants Fund	23,189		-	-	23,189
Utility Fund	2,110,705		-	4,199	2,114,904
Other Governmental Funds	1,333,352		-	-	1,333,352
Sewer User fund	590,686	70,380	-	-	661,066
Internal Service Fund	3,080		-	-	3,080
Private Purpose Trust Funds	8,405		-	-	8,405
	\$ 4,382,329	\$ 99,858	\$ 731,575	\$ 1,976,275	\$ 7,190,037

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2018 were as follows:

	Transfer In		
	General	Nonmajor Governmental	Total
Transfer Out	General	Nonmajor Governmental	Total
General Fund	\$ -	\$ 124,828	\$ 124,828
Major	-	-	-
Nonmajor	382,485	-	382,485
	\$ 382,485	\$ 124,828	\$ 507,313

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ -	\$ -	\$ 1,683,260
Construction in progress	<u>32,367,537</u>	<u>9,574</u>	<u>(32,036,715)</u>	<u>340,396</u>
	<u>34,050,797</u>	<u>9,574</u>	<u>(32,036,715)</u>	<u>2,023,656</u>
Capital assets being depreciated				
Buildings and improvements	89,413,166	17,441,734	-	106,854,900
Equipment and vehicles	10,288,998	101,559	-	10,390,557
Infrastructure	<u>44,374,617</u>	<u>15,156,911</u>	<u>-</u>	<u>59,531,528</u>
	<u>144,076,781</u>	<u>32,700,204</u>	<u>-</u>	<u>176,776,985</u>
Less accumulated depreciation	<u>(56,832,695)</u>	<u>(3,242,050)</u>	<u>-</u>	<u>(60,074,745)</u>
	<u>\$ 121,294,883</u>	<u>\$ 29,467,728</u>	<u>\$ (32,036,715)</u>	<u>\$ 118,725,896</u>

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

Education	\$ 970,143
General Government	1,035,941
Public Works	1,044,495
Parks and recreation	25,383
Health and Social Services	43,921
Public Safety	<u>122,167</u>
	<u>\$ 3,242,050</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	-	2,932,233
Equipment and vehicles	<u>1,492,393</u>	<u>79,250</u>	<u>1,571,643</u>
	<u>4,966,126</u>	<u>79,250</u>	<u>5,045,376</u>
Less accumulated depreciation	<u>(3,483,689)</u>	<u>(151,533)</u>	<u>(3,635,222)</u>
	<u>\$ 1,482,437</u>	<u>\$ (72,283)</u>	<u>\$ 1,410,154</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation and amortization expense of \$151,113 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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 18,568,098	\$ 5,518,000	\$ (7,085,615)	\$ 17,000,483	\$ 6,433,832
Capital Leases	17,410,962	-	(1,233,003)	16,177,959	375,450
Compensation Absences	442,767	68,842	(5,624)	505,985	-
Pension Obligations	8,013,375	1,153,057	-	9,166,432	-
OPEB Obligations, restated	3,700,367	59,953	-	3,760,320	-
Premium on Bonds	620,394	-	(67,978)	552,416	67,978
	<u>\$ 48,755,963</u>	<u>\$ 6,799,852</u>	<u>\$ (8,392,220)</u>	<u>\$ 47,163,595</u>	<u>\$ 6,877,260</u>

Each governmental funds 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 Obligations 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, 2018 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%	\$ 5,542,483
Refunding General Purposes	2012	1,055,000	2017	2.0/4.0	-
General Purpose	2012	550,000	2026	2.0/4.0	323,795
Refunde School Bonds	2012	4,100,000	2025	2.0/4.0	2,910,000
School Bonds	2012	4,580,000	2025	2.0/4.0	2,706,205
General Obligation BAN	2018	5,518,000	2018	1.2	5,518,000
					<u>\$ 17,000,483</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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
2019	915,832	399,481	2031	243,416	102,547
2020	911,222	364,291	2032	251,327	94,636
2021	866,787	330,126	2033	259,496	86,467
2022	872,532	296,781	2034	267,929	78,034
2023	878,464	263,249	2035	276,637	69,326
2024	879,590	229,623	2036	285,628	60,335
2025	885,914	195,899	2037	294,910	51,053
2026	892,443	161,970	2038	304,495	41,468
2027	539,185	136,653	2039	314,391	31,572
2028	221,146	124,817	2040	324,609	21,354
2029	228,334	117,629	2041	332,440	13,522
2030	235,754	110,209		<u>\$ 11,482,481.60</u>	<u>\$ 3,381,041</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2018 totaled \$433,726.

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 \$19,240,650 and accumulated depreciation of \$1,432,426. The leases qualify as capital leases for accounting purposes. The Town's capital lease obligation at June 30, 2018 is as follows:

Total payments on capital leases for the year ending

	2019	1,196,211
	2020	1,182,843
	2021	1,163,010
	2022	1,189,955
	2023	1,217,523
	Thereafter	<u>10,228,417</u>
		16,177,959
Less the amount representing interest		<u>(375,450)</u>
Present value of future minimum lease payments	\$	<u><u>15,802,509</u></u>

Interest incurred and expensed on capital leases payable for the year ended June 30, 2018 totaled \$403,078.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

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, 2018 \$3,000,000 of bonds outstanding are considered defeased.

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	\$ 26,553,111
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	82,604
Debt limitation base	\$ 26,635,715

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 59,930,359	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	113,201,789	-	-	-
3 3/4 times base	-	-	99,883,931	-	-
3 1/4 times base	-	-	-	86,566,074	-
3 times base	-	-	-	-	79,907,145
Total debt limitaion	59,930,359	113,201,789	99,883,931	86,566,074	79,907,145
Indebtedness					
Bonds payable	323,795	5,616,205	5,542,483	-	-
Ban payable	3,346,000	-	2,172,000	-	-
Total indebtedness	3,669,795	5,616,205	7,714,483	-	-

Debt limitation in excess of debt outstanding and authorized	\$ 56,260,564	\$ 107,585,584	\$ 92,169,448	\$ 86,566,074	\$ 79,907,145
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In no case shall total indebtedness exceed seven times the annual receipts from taxation	\$ 186,450,005
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TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance
Pension obligations	\$ 245,307	\$ 34,347	\$ -	\$ 279,654

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 kept intact and cannot be spent. This is made up of:

Trust Principal	\$ 186,280
Inventory	11,321
Other	2,000
	<u>\$ 199,601</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	\$ 2,514,760
Education	169,789
Public Works	534,592
Public Safety	57,191
Parks & Recreation	37,855
Other Purposes	423,318
	<u>\$ 3,737,505</u>

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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

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:

	General Fund	Educational Grant Fund	Small Cities Grants	Utility Fund	Other Governmental Funds
Nonspendable					
Not in spendable form					
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 11,321
Required to maintained					
Trust principal	-	-	-	-	186,280
Other	-	-	-	-	2,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,601</u>
Restricted					
General Government	\$ -	\$ -	\$ 2,494,952	\$ -	\$ 19,808
Education	-	14,372	-	-	155,417
Public Works	-	-	-	-	534,592
Public Safety	-	-	-	-	57,191
Parks & Recreation	-	-	-	-	37,855
Other Purposes	-	-	-	-	423,318
	<u>\$ -</u>	<u>\$ 14,372</u>	<u>\$ 2,494,952</u>	<u>\$ -</u>	<u>\$ 1,228,181</u>
Committed					
General Government	\$ 174,736	\$ -	\$ -	\$ -	\$ -
Education	1,039,404	-	-	-	-
Capital Projects	-	-	-	-	819,213
	<u>\$ 1,214,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819,213</u>
Assigned					
General Government	\$ 132,348	\$ -	\$ -	\$ -	\$ 5,251
Education	-	-	-	-	118,326
Public Works	22,656	-	-	-	544,453
Culture and Recreation	40,000	-	-	-	-
Other Purposes	92,000	-	-	-	-
Capital Projects	210,606	-	-	-	-
	<u>\$ 497,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668,030</u>

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS

A. TEACHERS' RETIRMENT 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 beneficiaries. The Teachers' Retirement system is administered by the Teachers' Retirement Board.

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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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 or credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary. A minimum monthly benefit of 1200.00 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 has 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 the 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 the 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, 2018 was \$4,494,328.

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 has 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, 2018

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

Actuarial Methods and Significant Assumptions – The following assumptions were used in the Teacher’s Retirement pension valuations, prepared as of June 30, 2016 (the Valuation Date and Measurement Date) for use in the June 30, 2018 financial statements (Reporting Date):

Experience study dates	July 1, 2005 - June 30, 2010
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 2016 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-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows 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, 2018

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		38,854,474
Net pension Liability	\$	<u>38,854,474</u>
Net pension Liability percentage of the total		0.287761%
Pension expense	\$	4,494,328
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% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability (Asset)	\$ 48,634,145	\$ 38,854,474	\$ 30,586,243

Support Provided by Non-employer Contributing Entity (State) – The Town has recognized \$4,494,328 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 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 and 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 \$29,200 (3.5 %) of covered salaries of \$817,516.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 Selectman.

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, 2018) membership consisted of the following:

Retirees and beneficiaries receiving benefits	102
Terminated employees entitled to benefits, but not yet receiving them	60
Active Members	<u>142</u>
	<u>304</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, 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 determining 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.

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;

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

and fund 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 trusts, and insurance company 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 rate for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility 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	25.00%	4.50%
Bonds	54.00%	2.25%

Calculation of Money-Weighted Rate of Return – The money-weighted rate of return considers the changing amounts actually invested during and period and weights 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 expenses as:

Net money-weighted rate of return for the year ended June 30, 2018 4.87%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 were as follows:

Town pension liability	\$	25,119,380
Plan fiduciary net position		(15,673,294)
		<hr/>
Net pension liability (asset)	\$	9,446,086
		<hr/> <hr/>
Plan Fiduciary net position as a percentage of total pension liability		62.40%
Changes in the net pension liability during the year were as follows:		
Total Pension Liability		
Service cost	\$	591,484
Interest on total pension liability		1,622,888
Change of benefit terms		-
Differences between expected and actual experience		81,502
Assumption changes or inputs		741,160
Benefit payments		(1,003,601)
		<hr/>
Net change in total pension liability		2,033,433
Total pension liability, beginning		23,085,947
		<hr/>
Total pension liability, ending	\$	25,119,380
		<hr/> <hr/>
Fiduciary Net Position		
Employer contributions	\$	1,141,426
Net investment income		746,123
Benefit payments		(1,003,601)
Administrative expenses		(37,919)
		<hr/>
Net change in plan fiduciary net position		846,029
Fiduciary net position, beginning		14,827,265
		<hr/>
Fiduciary net position, ending	\$	15,673,294
		<hr/> <hr/>
Net pension liability, beginning		8,258,682
		<hr/>
Net pension liability, ending	\$	9,446,086
		<hr/> <hr/>

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2018 valuation (Valuation and Measurement Date) and projected forward to Jun 30, 2018 (Reporting Date):

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, 27 years remaining
Amortization growth rate	0.00%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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 6% down to 2.75% respectively
Investment rate of return		6.875% 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-2000 mortality table, projected to the valuation date with Scale AA

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% Decrease 5.875%	Current Discount Rate 6.875%	1% Increase 7.875%
Net Pension Liability (Asset)	\$ 12,295,034	\$ 9,446,086	\$ 7,015,587

Pension Expense - The total pension expense recognized for the year ended June 30, 2018 was \$2,128,844. 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:

	<u>Recognized in</u>		<u>To Be Recognized</u>			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Differences between Expected and Actual Experience						
2015	\$ (11,626)	\$ (11,626)	\$ (8,137)	\$ -	\$ -	\$ (31,389)
2016	\$ (9,746)	\$ (9,746)	\$ (9,746)	\$ (976)	\$ -	\$ (30,214)
2017	\$ 10,171	\$ 10,171	\$ 10,171	\$ 6,104	\$ -	\$ 36,617
2018	\$ 20,376	\$ 20,376	\$ 20,376	\$ 20,376	\$ -	\$ 81,504
Recognition of the Effects of Changes in Assumptions						
2015	\$ 278,706	\$ 278,706	\$ 195,093	\$ -	\$ -	\$ 752,505
2016	\$ 23,825	\$ 23,825	\$ 23,825	\$ 2,382	\$ -	\$ 73,857
2017	\$ 36,978	\$ 36,978	\$ 36,978	\$ 22,186	\$ -	\$ 133,120
2018	\$ 185,290	\$ 185,290	\$ 185,290	\$ 185,290	\$ -	\$ 741,160
Differences between Projected and Actual Earnings on pension Plan Investments						
2015	\$ 172,693	\$ 172,693	\$ -	\$ -	\$ -	\$ 345,386
2016	\$ 242,289	\$ 242,289	\$ 242,291	\$ -	\$ -	\$ 726,869
2017	\$ (57,601)	\$ (57,601)	\$ (57,601)	\$ (57,600)	\$ -	\$ (230,403)
2018	\$ 67,170	\$ 67,170	\$ 67,170	\$ 67,170	\$ 67,169	\$ 335,849

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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 6/30/2018	Terminated Vested	6
	Retired beneficiaries	<u>14</u>
Total		<u>20</u>

Assets are set aside in a Group annuity contract with an expected nominal return of 3.5%. The Town’s obligation to pay benefits is unfunded and unsecured and plan assets are subject to the claims of the Town’s creditors.

E. OTHER POST EMPLOYEMENT BENEFITS

Plan Description – The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Stafford, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility Teachers and Administrators – Age 60 with 10 years of service, age 55 with 20 years of service or age 50 with 25 years of service. Upon reaching age 65 retired teachers and certified administrators must transfer coverage to Medicare and are removed from coverage.
All other BOE Employees – Age 55 with 10 years of service.

Funding Policy Retired teachers and administrators and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing town. All retirees are required to pay 100% of the premiums less the amount paid to the town by the Teacher’s Retirement Board. The Town is not required to fund the plan.

At January 1, 2017 plan membership consisted of the following:

Retired members	11
Active plan members	<u>287</u>
	<u>298</u>

Total OPEB Liability The Town’s total OPEB liability of \$3,760,320 was measured as of June 30, 2018 and was determined using the Entry Age Normal Actuarial Cost Method.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Actuarial Assumptions and Other inputs: The total OPEB liability in the June 30, 2018 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement.

Measurement Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Salary Increases	2.6%
Discount Rate	3.87%
	Mortality Rates RP-2004 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP 2016

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 6/30/17 Restated	\$3,700,367
Changes for the year:	
Service Cost	145,966
Interest	136,924
Changes of benefits	
Differences between expected and actual experience	(23,054)
Changes of assumptions	(120,060)
Benefit Payments	<u>(79,193)</u>
Net change in total OPEB Liability	<u>59,953</u>
Balance at June 30, 2018	<u>\$3,760,320</u>

Sensitivity of the Total OPEB Liability to Changes in the 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 (2.87) or 1 percentage point higher (4.87) than the current discount rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability	\$4,198,469	\$3,760,320	\$3,384,850

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 are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates of 7.5% decreasing to 4.6%:

	1%	Healthcare	1%
	Decrease	Cost Trend	Increase
	<u>4.6%</u>	<u>Rates</u>	<u>7.5%</u>
Total OPEB Liability	\$3,276,145	\$3,760,320	\$4,343,175

OPEB Expense: The Town recognized OPEB expense of \$242,199 for the year ended June 30, 2018.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Connecticut Teachers' Retirement System- OPEB

Plan Description – The faculty and professional personnel of the Town's Board of Education Participate in the Connecticut Teacher's Retirement system which is a cost sharing multiemployer 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 Teacher Retirement System issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions – 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.

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 plan is provided to the school district to first offset the retiree's share of the cost of coverage, 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 \$463,480.

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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.25% -6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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 expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.00%	0.04%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Discount Rate – The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 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.

For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the plan’s fiduciary net position was projected to be depleted in 2018 and as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Total OPEB Liability to Changes in the 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 (2.56) or 1 percentage point higher (4.56) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.56%</u>	<u>3.56%</u>	<u>4.56%</u>
Total OPEB Liability	\$12,100,829	\$10,000,685	\$8,387,575

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 are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates of 7.25% decreasing to 5.00%:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>5.00%</u>	<u>7.25%</u>	<u>9.50%</u>
Total OPEB Liability	\$8,234,564	\$10,000,685	\$12,370,847

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018 the Town had no proportionate share of the Net OPEB liability. (RSI-3b)

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$463,480 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$463,480 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 5- OTHER INFORMATION

A. LITIGATION

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is 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, in 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; damage to and destruction of assets; errors 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.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5- OTHER INFORMATION (Continued)

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
2018	252,000	3,290,536	(3,259,536)	283,000
2017	\$ 348,000	\$ 3,333,931	\$ (3,429,931)	\$ 252,000
2016	\$ 276,000	\$ 4,463,164	\$ (4,391,164)	\$ 348,000

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, 2018 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.

C. 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.

D. 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 fiscal year 2018 will be 39 mills. The rate cap in fiscal year 2019 and thereafter will be

E. MUNICIPAL SPENDING CAP

Beginning in fiscal year 2018, OPM will impose a cap on municipal spending to limit general budget expenditures to 2.5 percent above the previous year, or the rate of inflation, whichever is greater. Exemptions to the cap include debt service, special education expenditures, expenditures for implementing court orders, arbitration awards, expenditures related to major disaster or emergency declaration, and grants distributed to a special taxing district under certain circumstances. Municipalities that increase their adopted budget

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5- OTHER INFORMATION (Continued)

expenditures over the previous fiscal year by an amount that exceeds the cap receive a reduced municipal revenue sharing grant.

The reduction is equal to 50 cents for every dollar the municipality spends over the cap. However, OPM may not reduce a municipality's grant in any year which its adopted budget expenditures exceed the cap by an amount proportionate to its population increase over the previous fiscal year (based on the most recent Department of Public Health population estimate). The total municipal revenue sharing grant for the Town for the year ending June 30, 2018, before any reductions, is \$41,189. This amount is subject to change based on changes in the State of Connecticut's budget.

F. ADOPTION OF NEW ACCOUNTING STANDARD

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

The adoption of GASB Statement No. 75 requires the Town to report a total OPEB liability. The Town's net position at June 30, 2017 has been restated for the effects of this liability, which reduces the net position by \$1,395,067 at July 1, 2017, in the Government-Wide Financial Statements. The Statement has also required additional footnote disclosures regarding OPEB.

G. 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. 83, *Certain Asset Retirement Obligations***, is effective for reporting periods beginning after June 15, 2018. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the statement. The Town is aware of this statement and will assess its impact to ensure timely implementation.
- **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 implantation.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5- OTHER INFORMATION *(Continued)*

- **GASB Statement No. 87, *Leases***, establishes a single model for lease 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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The statement also requires disclosure be provide for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.
- **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.

NOTE 6- SUBSEQUENT EVENTS

On August 1, 2018 the Town issued \$435,000 of general obligation bond anticipation notes to refund a portion of the outstanding notes maturing on August 1, 2018. The funds were utilized for an inflow and infiltration analysis study. The notes carry interest at 2.50% and mature July 30, 2019.

On August 1, 2018 the town issued \$4,790,000 general obligation bonds to refund a portion of the outstanding notes maturing on August 1, 2018. The funds were utilized for sewer line repairs, wastewater treatment plant upgrades, sewer system pump station upgrades, energy improvements to town and school facilities, and gas, water, and sewer extensions. The bond matures August 1, 2038.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDING JUNE 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
	\$	\$	\$	\$	\$
REVENUES					
Property Taxation					
Property Taxes	26,384,809	-	26,384,809	25,524,278	(860,531)
Auto Tax Supplement	280,000	-	280,000	326,175	46,175
Prior Taxes	550,000	-	550,000	427,835	(122,165)
Suspense Collections	3,000	-	3,000	13,911	10,911
Interest and Lein Fees	350,000	-	350,000	260,912	(89,088)
	<u>27,567,809</u>	<u>-</u>	<u>27,567,809</u>	<u>26,553,111</u>	<u>(1,014,698)</u>
Intergovernmental - Other					
Tax Relief for the Elderly	90,000	-	90,000	82,604	(7,396)
In Lieu of Taxes, State Property	33,724	-	33,724	4,031	(29,693)
Municipal Revenue Sharing-Pytm in Lieu of Taxes	43,057	-	43,057	-	(43,057)
Town Aid Highways	392,749	-	392,749	412,173	19,424
Disability Grant	2,500	-	2,500	2,618	118
Local Capital Improvement Program	203,879	-	203,879	-	(203,879)
Nontaxpaying Hospital	213,778	-	213,778	-	(213,778)
Motor Vehicle Fines	5,700	-	5,700	1,155	(4,545)
Telephone Access Line Tax	20,000	-	20,000	14,955	(5,045)
Mashantucket Pequot Grant	92,112	-	92,112	92,112	-
Addvets Grant	35,000	-	35,000	29,745	(5,255)
Municipal Purposes & Projects	484,126	-	484,126	437,917	(46,209)
Stabilization Grant	-	-	-	161,778	161,778
Bingo Permit Fees	50	-	50	76	26
Dept of Mental Health/Addiction Services	75,000	-	75,000	76,528	1,528
SDE (DCF)	18,000	5,496	23,496	23,496	-
Miscellaneous State Grants	20,000	1,050	21,050	135,639	114,589
State Police Grants	68,250	-	68,250	34,599	(33,651)
State Aid Grant for Senior Services	24,000	-	24,000	29,355	5,355
	<u>1,821,925</u>	<u>6,546</u>	<u>1,828,471</u>	<u>1,538,781</u>	<u>(289,690)</u>
Local Services					
Licenses, Fees and Permits	6,500	-	6,500	9,297	2,797
Town Clerk Fees	170,000	-	170,000	173,661	3,661
Zoning, Building, and Sanitation Fees	200,000	-	200,000	233,481	33,481
Service District Administration	-	-	-	-	-
Miscellaneous	30,000	-	30,000	43,506	13,506
July 4th Summerfest Revenue	15,000	-	15,000	15,000	-
Recycling Revenues	20,000	-	20,000	15,585	(4,415)
Constable Fees	90,000	-	90,000	79,085	(10,915)
Human Services Consultation	200,000	-	200,000	234,385	34,385
Housing Authority in Lieu of Taxes	15,000	-	15,000	14,958	(42)
Fire Marshall Revenue	15,045	-	15,045	13,130	(1,915)
Transfer Station Fees	200,000	-	200,000	193,764	(6,236)
Stafford Library Revenue	5,000	-	5,000	2,048	(2,952)
Town Donations Specified	10,000	-	10,000	10,000	-
Parking Violations	1,000	-	1,000	950	(50)
Summer Recreation	21,000	-	21,000	11,350	(9,650)
Ambulance Association Income	485,305	-	485,305	458,892	(26,413)
Fall Fest Revenue	-	-	-	1,245	1,245
	<u>1,483,850</u>	<u>-</u>	<u>1,483,850</u>	<u>1,510,337</u>	<u>26,487</u>

(Continued)

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

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDING JUNE 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Investment Income					
Income on Investments	\$ 25,000	\$ -	\$ 25,000	\$ 49,827	\$ 24,827
Intergovernmental - Education					
Education Cost Sharing Grant	9,462,564	-	9,462,564	8,497,609	(964,955)
Adult Education	25,081	-	25,081	25,642	561
	<u>9,487,645</u>	<u>-</u>	<u>9,487,645</u>	<u>8,523,251</u>	<u>(964,394)</u>
Tuition					
Tuition Received	-	-	-	8,649	8,649
Total Revenues	<u>40,386,229</u>	<u>6,546</u>	<u>40,392,775</u>	<u>38,183,956</u>	<u>(2,208,819)</u>
Other Financing Sources					
BAN Proceeds	-	-	-	5,518,000	5,518,000
Transfers in	912,000	-	912,000	832,485	(79,515)
Total Other Financing Sources	<u>912,000</u>	<u>-</u>	<u>912,000</u>	<u>6,350,485</u>	<u>5,438,485</u>
Total Revenues and Other Financing Sources	<u>41,298,229</u>	<u>6,546</u>	<u>41,304,775</u>	<u>44,534,441</u>	<u>3,229,666</u>
EXPENDITURES					
General Government					
Board of Selectmen	616,065	(8,991)	607,074	576,085	30,989
Probate Court	3,500	-	3,500	3,500	-
IT Technology	112,716	-	112,716	101,921	10,795
Registrar of Voters	65,170	-	65,170	48,595	16,575
Town Clerk Elections	2,000	-	2,000	311	1,689
Board of Finance	45,050	-	45,050	44,062	988
Board of Assessors	82,968	-	82,968	81,774	1,194
Board of Assessment Appeals	5,985	-	5,985	5,985	-
Tax Collector	80,530	-	80,530	77,123	3,407
Treasurer	96,862	-	96,862	95,859	1,003
Town Counsel	46,500	-	46,500	41,555	4,945
Town Clerk	86,970	-	86,970	82,995	3,975
Buildings	415,920	(92,776)	323,144	305,449	17,695
Fuel Oil	69,000	-	69,000	61,824	7,176
Fixed Charges	2,118,146	14,870	2,133,016	2,035,930	97,086
Capital Outlay	100,500	-	100,500	41,281	59,219
Judgement and Losses	5,000	-	5,000	2,671	2,329
	<u>3,952,882</u>	<u>(86,897)</u>	<u>3,865,985</u>	<u>3,606,920</u>	<u>259,065</u>
Public Safety					
Safety and Protection	62,600	341	62,941	61,507	1,434
Fire Marshall	72,885	209	73,094	72,051	1,043
Police Protection	849,048	-	849,048	763,613	85,435
Fire and Ambulance Service	993,818	-	993,818	993,124	694
	<u>1,978,351</u>	<u>550</u>	<u>1,978,901</u>	<u>1,890,295</u>	<u>88,606</u>

(Continued)

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

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDING JUNE 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health	\$	\$	\$	\$	\$
Building Department/Zoning/Wetlands	237,010	-	237,010	200,711	36,299
Transfer Station Operations	459,517	11,733	471,250	455,133	16,117
Health District/Health Services	56,280	-	56,280	55,584	696
	<u>752,807</u>	<u>11,733</u>	<u>764,540</u>	<u>711,428</u>	<u>53,112</u>
Highways and Bridges					
General Highways	1,867,742	(2,926)	1,864,816	1,718,283	146,533
Town Aid Road	392,749	-	392,749	412,172	(19,423)
	<u>2,260,491</u>	<u>(2,926)</u>	<u>2,257,565</u>	<u>2,130,455</u>	<u>127,110</u>
Parks and Recreation					
Recreation Commission	159,610	3,718	163,328	157,334	5,994
Community Center	162,575	879	163,454	155,540	7,914
Parks	428,540	(10,410)	418,130	381,466	36,664
Holidays	29,500	-	29,500	22,528	6,972
	<u>780,225</u>	<u>(5,813)</u>	<u>774,412</u>	<u>716,868</u>	<u>57,544</u>
Sundry					
Arts Commission	5,000	1,050	6,050	5,896	154
Pollution Abatement	500	-	500	-	500
Stafford Family Services	277,725	447	278,172	262,316	15,856
SDE	18,000	5,496	23,496	23,262	234
DMHAS	75,000	-	75,000	72,490	2,510
	<u>376,225</u>	<u>6,993</u>	<u>383,218</u>	<u>363,964</u>	<u>19,254</u>
Planning and Zoning					
Economic Development Commission	4,000	-	4,000	700	3,300
Conservation Commission	1,915	-	1,915	1,901	14
	<u>5,915</u>	<u>-</u>	<u>5,915</u>	<u>2,601</u>	<u>3,314</u>
Education					
Board of Education	27,659,000	-	27,659,000	27,130,343	528,657
Total Education	<u>27,659,000</u>	<u>-</u>	<u>27,659,000</u>	<u>27,130,343</u>	<u>528,657</u>
Stafford Public Library	538,183	-	538,183	495,090	43,093
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service	2,184,150	(27,700)	2,156,450	1,866,867	289,583
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>40,488,229</u>	<u>(104,060)</u>	<u>40,384,169</u>	<u>38,914,831</u>	<u>1,469,338</u>
Other Financing Uses					
Retirement of BAN	-	-	-	5,990,000	(5,990,000)
Transfers Out	135,000	110,606	245,606	174,828	70,778
Total Other Financing Uses	<u>135,000</u>	<u>110,606</u>	<u>245,606</u>	<u>6,164,828</u>	<u>(5,919,222)</u>
Total Expenditures and Other Financing					
Uses	<u>40,623,229</u>	<u>6,546</u>	<u>40,629,775</u>	<u>45,079,659</u>	<u>(4,449,884)</u>
Excess (Deficiency) of Revenues Over					
Expenditures - Budgetary Basis	<u>675,000</u>	<u>-</u>	<u>675,000</u>	<u>(545,218)</u>	<u>1,220,218</u>

(Continued)

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

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDING JUNE 30, 2018

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
	Original	Additional Appropriations and Transfers	Final		
Excess (Deficiency) of Revenues					
Over Expenditures - Budgetary Basis	\$ <u>675,000</u>	\$ <u>-</u>	\$ <u>675,000</u>	(545,218)	\$ <u>1,220,218</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on Behalf of the Town not Recorded on a Budgetary Basis:					
Revenues from Teachers' Retirement				4,494,328	
Expenditures for Teachers' Retirement				(4,494,328)	
Revenues from Teachers' OPEB				463,480	
Expenditures for Teachers' OPEB				(463,480)	
Encumbrances recorded on Budget Basis, but not on the Modified Accrual Basis				1,214,140	
Previous Year Encumbrances recorded on Modified Accrual Basis, but not the Budget Basis				(703,736)	
Liquidating Encumbrances from 16-17				29,683	
Town Aid Road expenditures transferred to TAR Fund					
Revenues				(412,732)	
Expenditures				412,732	
Funds combined for GAAP financial reporting purposes					
Compensation Fund				14,134	
Town Hall				6	
Zoning Subdivision				11	
Excess Cost Grant				(334,181)	
Blight Fund				301	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)				<u>\$ (324,860)</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 6 FISCAL YEARS

	2018	2017	2016	2015	2014	2013
Town of Stafford Employee Retirement Plan						
Total Pension Liability						
Service cost	\$ 591,484	\$ 550,954	\$ 542,211	\$ 542,549	\$ 512,523	\$ 492,262
Interest on total pension liability	1,622,888	1,523,912	1,487,985	1,382,927	1,293,404	1,204,573
Changes of benefit terms	0	41,906	-	-	-	-
Differences between expected and actual experience	81,502	46,788	(49,703)	(66,267)	-	-
Assumption changes or inputs	741,160	170,098	121,507	1,588,623	-	-
Benefit payments	(1,003,601)	(918,329)	(811,997)	(723,969)	(613,462)	(523,580)
Net change in total pension liability	2,033,433	1,415,329	1,290,003	2,723,863	1,192,465	1,173,255
Total pension liability, beginning	23,085,947	21,670,618	20,380,615	17,656,762	16,464,297	15,291,042
Total pension liability, ending	25,119,380	23,085,947	21,670,618	20,380,625	17,656,762	16,464,297
Fiduciary Net Position						
Employer contributions	1,141,426	1,113,284	1,129,644	1,062,864	1,032,997	998,804
Employee contributions	-	-	-	-	-	-
Net investment income (loss)	746,123	1,270,537	(195,801)	182,471	1,462,811	745,682
Benefit payments	(1,003,601)	(918,329)	(811,997)	(723,969)	(613,462)	(523,580)
Administrative expenses	(37,919)	(24,643)	(26,714)	(36,112)	(20,451)	(13,899)
Net change in plan fiduciary net position	846,029	1,440,849	95,132	485,254	1,861,895	1,207,007
Fiduciary net position, beginning	14,827,265	13,386,416	13,291,284	12,806,030	10,944,135	9,737,128
Fiduciary net position, ending	15,673,294	14,827,265	13,386,416	13,291,284	12,806,030	10,944,135
Net pension liability, ending	\$ 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	62.40%	64.23%	61.77%	65.22%	72.53%	66.47%
Covered payroll	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	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 5 YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1141426	\$ 1,111,296	\$ 1,109,486	\$ 1,062,864	\$ 1,032,997
Contributions in relation to the actuarially determined contribution	<u>1141426</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>\$ (1,988)</u>	<u>\$ (20,158)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,638,931	\$ 5,578,904	\$ 5,672,766	\$ 6,082,745	\$ 5,815,088
Contributions as a percentage of covered employee payroll	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	28 years
Asset valuation method	5-year smoothed market
Inflation	2.60%
Salary increases	4.00%
Investment rate of return	6.88%
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 5 YEARS

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
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
LAST FISCAL YEAR*

	2018
Total OPEB Liability	
Service cost	\$ 145,966
Interest	136,294
Changes of benefit terms	-
Differences between expected and actual experience	(23,054)
Changes of assumptions	(120,060)
Benefit payments	(79,193)
Net change in total OPEB liability	59,953
Total OPEB liability - beginning	3,700,367
Total OPEB liability - ending	\$ 3,760,320
Covered payroll	\$ 15,234,234
Net OPEB liability as a % of covered payroll	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
TOWN OF STAFFORD TEACHERS' RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST FISCAL YEAR*

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Changes in Net Pension Liability and Related Ratios				
Last 4 Years				
Town's percentage of collective net pension liability	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>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><u>38,854,474</u></u>	\$ <u><u>40,991,768</u></u>	\$ <u><u>33,046,392</u></u>	\$ <u><u>30,544,767</u></u>
Employer covered payroll	\$ 11,653,150	\$ <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%
Plan fiduciary net position as a % of total pension liability	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>

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 FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
GENERAL FUND – SUB FUNDS
JUNE 30, 2018

	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	\$ 4,977,787	\$ 29,814	\$ 40,742	\$ 22,656	\$ 329,933	\$ 31,451	\$ -	\$ 5,432,383
Investments	-	-	-	-	-	-	-	-
Taxes receivable, net of allowance for uncollectible amounts	1,570,794	-	-	-	-	-	-	1,570,794
Other receivables								
Accounts	118,076	-	-	-	-	-	-	118,076
Intergovernmental	141	-	-	-	-	-	-	141
Due from other funds	4,362,771	70,000	-	-	55,512	-	(105,955)	4,382,328
Deposit on equipment lease	-	-	-	-	-	-	-	-
Total Assets	\$ 11,029,569	\$ 99,814	\$ 40,742	\$ 22,656	\$ 385,445	\$ 31,451	\$ (105,955)	\$ 11,503,722
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 357,978	\$ -	\$ 3,704	\$ -	\$ -	\$ -	\$ -	\$ 361,682
Accrued payroll and related	6,347	-	-	-	-	-	-	6,347
Due to other funds	2,673,110	35,925	-	-	-	30	(105,955)	2,603,110
Unearned revenue	494,958	-	-	-	-	-	-	494,958
Total Liabilities	3,532,393	35,925	3,704	-	-	30	(105,955)	3,466,097
Deferred Inflows of Resources								
Unavailable revenues	992,992	-	-	-	-	-	-	992,992
Total Deferred Inflows of Resources	992,992	-	-	-	-	-	-	992,992
Fund Balances (Deficits)								
Committed	1,214,140	-	-	-	-	-	-	1,214,140
Assigned	342,606	63,889	37,038	22,656	-	31,421	-	497,610
Unassigned	4,947,438	-	-	-	385,445	-	-	5,332,883
Total Fund Balances	6,504,184	63,889	37,038	22,656	385,445	31,421	-	7,044,633
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,029,569	\$ 99,814	\$ 40,742	\$ 22,656	\$ 385,445	\$ 31,451	\$ (105,955)	\$ 11,503,722

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
JUNE 30, 2018

	General Fund	Compensation Fund	Town Hall Fund	Zoning Subdivision Fund	Excess Cost Grant Fund	Blight Fund	Interfund Elimination	Total Consolidated General Fund
REVENUES								
Taxes	\$ 26,553,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,553,111
Intergovernmental	15,019,842	-	-	-	115,511	-	-	15,135,353
Local sources	1,518,986	-	-	-	-	285	-	1,519,271
Interest income	49,827	59	6	11	308	16	-	50,227
Total Revenues	<u>43,141,766</u>	<u>59</u>	<u>6</u>	<u>11</u>	<u>115,819</u>	<u>301</u>	<u>-</u>	<u>43,257,962</u>
EXPENDITURES								
Current								
General government	3,592,021	35,925	-	-	-	-	-	3,627,946
Public safety	1,843,131	-	-	-	-	-	-	1,843,131
Health and social services	790,293	-	-	-	-	-	-	790,293
Public works	2,046,156	-	-	-	-	-	-	2,046,156
Parks and recreation	712,070	-	-	-	-	-	-	712,070
Planning and zoning	2,601	-	-	-	-	-	-	2,601
Sundry	859,609	-	-	-	-	-	-	859,609
Education	31,619,806	-	-	-	-	-	-	31,619,806
Debt service	1,866,867	-	-	-	-	-	-	1,866,867
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>43,332,554</u>	<u>35,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,368,479</u>
Excess (deficiency) of Revenues								
Over Expenditures	(190,788)	(35,866)	6	11	115,819	301	-	(110,517)
OTHER FINANCING SOURCES (USES)								
Transfers In	832,485	50,000	-	-	-	-	(500,000)	382,485
Transfers out	(174,828)	-	-	-	(450,000)	-	500,000	(124,828)
Issuance of long term debt	5,518,000	-	-	-	-	-	-	5,518,000
Payment on BANS	(5,990,000)	-	-	-	-	-	-	(5,990,000)
Premium on financing	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>185,657</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>	<u>-</u>	<u>(214,343)</u>
Net Changes in Fund Balances	(5,131)	14,134	6	11	(334,181)	301	-	(324,860)
Fund Balances - Beginning of Year	<u>6,509,315</u>	<u>49,755</u>	<u>37,032</u>	<u>22,645</u>	<u>719,626</u>	<u>31,120</u>	<u>-</u>	<u>7,369,493</u>
Fund Balances - End 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>

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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and equivalents	\$ 1,697,758	\$ 625,801	\$ 133,066	\$ 2,456,625
Investments	267,513	-	553,764	821,277
Restricted cash and equivalents	-	85,286		85,286
Taxes receivable, net of allowance for uncollectible amounts	20,791	-	-	20,791
Other receivables				
Accounts	703	-	-	703
Intergovernmental	74,523	-	-	74,523
Special assessments	124,408	-	-	124,408
Due from other funds	366,769	364,766	40	731,575
Inventories	11,321	-	-	11,321
Total Assets	<u>\$ 2,563,786</u>	<u>\$ 1,075,853</u>	<u>\$ 686,870</u>	<u>\$ 4,326,509</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 40,842	\$ 10,823	\$ -	\$ 51,665
Due to other funds	1,039,694	245,817	47,841	1,333,352
Unearned revenue	14,903	-	-	14,903
Total Liabilities	<u>1,095,439</u>	<u>256,640</u>	<u>47,841</u>	<u>1,399,920</u>
Deferred inflows of resources				
Unavailable revenues	11,564	-	-	11,564
Total Deferred Inflows of Resources	<u>11,564</u>	<u>-</u>	<u>-</u>	<u>11,564</u>
Fund balances				
Nonspendable	11,321	-	188,280	199,601
Restricted	763,766	-	450,749	1,214,515
Committed	-	819,213	-	819,213
Assigned	681,696	-	-	681,696
Total Fund Balances	<u>1,456,783</u>	<u>819,213</u>	<u>639,029</u>	<u>2,915,025</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,563,786</u>	<u>\$ 1,075,853</u>	<u>\$ 686,870</u>	<u>\$ 4,326,509</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
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 388,464	\$ -	\$ -	\$ 388,464
Intergovernmental	722,914	-	-	722,914
Local sources	375,028	1,838	20,454	397,320
Investment income	1,396	362	63,811	65,569
Total Revenues	<u>1,487,802</u>	<u>2,200</u>	<u>84,265</u>	<u>1,574,267</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public safety	20,803	-	-	20,803
Public works	776,393	-	-	776,393
Park and recreation	-	-	21,214	21,214
Sundry	5,452	-	14,080	19,532
Education	647,574	-	150	647,724
Capital outlay	-	68,770	-	68,770
Total Expenditures	<u>1,450,222</u>	<u>68,770</u>	<u>35,444</u>	<u>1,554,436</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>37,580</u>	<u>(66,570)</u>	<u>48,821</u>	<u>19,831</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	124,828	-	124,828
Transfers out	(200,000)	(182,485)	-	(382,485)
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(57,657)</u>	<u>-</u>	<u>(257,657)</u>
Net Changes in Fund Balances	(162,420)	(124,227)	48,821	(237,826)
Fund Balances - Beginning of Year	<u>1,619,203</u>	<u>943,440</u>	<u>590,208</u>	<u>3,152,851</u>
Fund Balances - End of Year	<u>\$ 1,456,783</u>	<u>\$ 819,213</u>	<u>\$ 639,029</u>	<u>\$ 2,915,025</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, 2018

	Dog Fund	School Cafeteria Fund	Town Aid Road Fund	Sewer Assessment Fund	Preservation Management of Historic Docs. Fund
ASSETS					
Cash and Equivalents	\$ 65,635	\$ 91,589	\$ 1,146,764	\$ 47,327	\$ 18,655
Investments	-	-	-	-	-
Restricted cash and equivalents	-	-	-	-	-
Taxes Receivable, Net of Allowance for Uncollectible Amounts	-	-	-	-	-
Other Receivables					
Accounts	-	240	-	-	463
Intergovernmental	-	74,523	-	-	-
Special Assessments	-	-	-	124,408	-
Due from Other Funds	-	774	-	-	-
Inventories	-	11,321	-	-	-
Total Assets	<u>\$ 65,635</u>	<u>\$ 178,447</u>	<u>\$ 1,146,764</u>	<u>\$ 171,735</u>	<u>\$ 19,118</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	8,444	37,300	612,172	-	5,452
Unearned revenue	-	11,500	-	-	-
Total Liabilities	<u>8,444</u>	<u>48,800</u>	<u>612,172</u>	<u>-</u>	<u>5,452</u>
Deferred Inflows of Resources					
Unavaible Revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	11,321	-	-	-
Restricted	57,191	-	534,592	-	-
Assigned	-	118,326	-	171,735	13,666
Total Fund Balances	<u>57,191</u>	<u>129,647</u>	<u>534,592</u>	<u>171,735</u>	<u>13,666</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	<u>\$ 65,635</u>	<u>\$ 178,447</u>	<u>\$ 1,146,764</u>	<u>\$ 171,735</u>	<u>\$ 19,118</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, 2018

	Stafford Service District Fund	Open Space Fund	W.H. Heald Trust Fund	Town Commissions Fund	Total Special Revenue Funds
ASSETS					
Cash and Equivalents	\$ 280,288	\$ 19,808	\$ 22,416	\$ 5,276	\$ 1,697,758
Investments	106,293	-	161,220	-	267,513
Restricted cash and equivalents	-	-	-	-	-
Taxes Receivable, Net of Allowance for Uncollectible Amounts	20,791	-	-	-	20,791
Other Receivables					
Accounts	-	-	-	-	703
Intergovernmental	-	-	-	-	74,523
Special Assessments	-	-	-	-	124,408
Due From other Funds	365,995	-	-	-	366,769
Inventories	-	-	-	-	11,321
Total Assets	<u>\$ 773,367</u>	<u>\$ 19,808</u>	<u>\$ 183,636</u>	<u>\$ 5,276</u>	<u>\$ 2,563,786</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 40,842	\$ -	\$ -	\$ -	\$ 40,842
Due to Other Funds	344,840	-	31,461	25	1,039,694
Unearned revenue	3,403	-	-	-	14,903
Total Liabilities	<u>389,085</u>	<u>-</u>	<u>31,461</u>	<u>25</u>	<u>1,095,439</u>
Deferred Inflows of Resources					
Unavaible Revenues	11,564	-	-	-	11,564
Total Deferred Inflows of Resources	<u>11,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,564</u>
Fund Balances					
Nonspendable	-	-	-	-	11,321
Restricted	-	19,808	152,175	-	763,766
Assigned	372,718	-	-	5,251	681,696
Total Fund Balances	<u>372,718</u>	<u>19,808</u>	<u>152,175</u>	<u>5,251</u>	<u>1,456,783</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	<u>\$ 773,367</u>	<u>19,808</u>	<u>\$ 183,636</u>	<u>\$ 5,276</u>	<u>\$ 2,563,786</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
JUNE 30, 2018

	Dog Fund	School Cafeteria Fund	Town Aid Road Fund	Sewer Assessment Fund	Preservation Management of Historic Docs. Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	309,856	393,812	-	4,000
Local sources	23,090	335,969	-	-	5,565
Investment income	12	48	467	95	7
Total Revenues	<u>23,102</u>	<u>645,873</u>	<u>394,279</u>	<u>95</u>	<u>9,572</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Public safety	20,803	-	-	-	-
Public works	-	-	412,172	-	-
Sundry	-	-	-	-	5,452
Education	-	630,626	-	-	-
Total Expenditures	<u>20,803</u>	<u>630,626</u>	<u>412,172</u>	<u>-</u>	<u>5,452</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>2,299</u>	<u>15,247</u>	<u>(17,893)</u>	<u>95</u>	<u>4,120</u>
OTHER FINANCING SOURCES (USUES)					
Transfers out	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	2,299	15,247	(217,893)	95	4,120
Fund Balances - Beginning of Year	<u>54,892</u>	<u>114,400</u>	<u>752,485</u>	<u>171,640</u>	<u>9,546</u>
Fund Balances - End of Year	<u>\$ 57,191</u>	<u>\$ 129,647</u>	<u>\$ 534,592</u>	<u>\$ 171,735</u>	<u>\$ 13,666</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
JUNE 30, 2018

	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 (USUES)					
Transfers out	-	-	-	-	(200,000)
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, 2018

	WPCF Upgrade Fund	Staffordville Dam Repair Fund	Fire Dept. Equipment Fund	School Facilities Capital Improvement Fund
ASSETS				
Cash and Equivalents	\$ 2	\$ 52,070	\$ 2,120	\$ 109,057
Restricted cash and equivalents	-	-	-	-
Due from Other Funds	-	113,719	-	251,047
Total Assets	<u>2</u>	<u>165,789</u>	<u>2,120</u>	<u>360,104</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	207,168
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,168</u>
Fund balances				
Restricted	-	-	-	-
Committed	2	165,789	2,120	152,936
Total Fund Balances	<u>2</u>	<u>165,789</u>	<u>2,120</u>	<u>152,936</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 165,789</u>	<u>\$ 2,120</u>	<u>\$ 360,104</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, 2018

	Sewer Inflow & Infiltration Fund	Combined Utility Project Fund	Geo-Thermal Solar Project Fund	Total Capital Projects Funds
ASSETS				
Cash and Equivalents	\$ 389,885	\$ 72,667	\$ -	\$ 625,801
Restricted cash and equivalents	-	-	85,286	85,286
Due from Other Funds	-	-	-	364,766
Total Assets	<u>\$ 389,885</u>	<u>\$ 72,667</u>	<u>\$ 85,286</u>	<u>\$ 1,075,853</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 10,823	\$ -	\$ -	\$ 10,823
Due to other funds	<u>2,378</u>	<u>-</u>	<u>36,271</u>	<u>245,817</u>
Total Liabilities	<u>13,201</u>	<u>-</u>	<u>36,271</u>	<u>256,640</u>
Fund balances				
Restricted	-	-	-	-
Committed	<u>376,684</u>	<u>72,667</u>	<u>49,015</u>	<u>819,213</u>
Total Fund Balances	<u>376,684</u>	<u>72,667</u>	<u>49,015</u>	<u>819,213</u>
Total Liabilities and Fund Balances	<u>\$ 389,885</u>	<u>\$ 72,667</u>	<u>\$ 85,286</u>	<u>\$ 1,075,853</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
JUNE 30, 2018

	WPCF Upgrade Fund	Staffordville Dam Repair Fund	Fire Dept. Equipment Fund	School Facilities Capital Improvement Fund
REVENUES				
Investment Income	\$ 2	\$ 25	\$ -	\$ 21
Local Sources	-	-	-	-
Intergovernmental	-	-	-	-
Total Revenues	<u>2</u>	<u>25</u>	<u>-</u>	<u>21</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2</u>	<u>25</u>	<u>-</u>	<u>(45,974)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	68,219	-	56,609
Transfers Out	<u>(182,485)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(182,485)</u>	<u>68,219</u>	<u>-</u>	<u>56,609</u>
Net Changes in Fund Balances	(182,483)	68,244	-	10,635
Fund Balances - Beginning of Year	<u>182,485</u>	<u>97,545</u>	<u>2,120</u>	<u>142,301</u>
Fund Balances - End of Year	<u>\$ 2</u>	<u>\$ 165,789</u>	<u>\$ 2,120</u>	<u>\$ 152,936</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
JUNE 30, 2018

	Sewer Inflow & Infiltration Fund	Combined Utility Project Fund	Geo-Thermal Solar Project Fund	Total Capital Projects Funds
REVENUES				
Investment Income	\$ 188	\$ 126	\$ -	\$ 362
Local Sources	-	1,838	-	1,838
Intergovernmental	-	-	-	-
Total Revenues	<u>188</u>	<u>1,964</u>	<u>-</u>	<u>2,200</u>
EXPENDITURES				
Capital Outlay	<u>13,201</u>	<u>9,574</u>	<u>-</u>	<u>68,770</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(13,013)</u>	<u>(7,610)</u>	<u>-</u>	<u>(66,570)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	124,828
Transfers Out	-	-	-	(182,485)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,657)</u>
Net Changes in Fund Balances	(13,013)	(7,610)	-	(124,227)
Fund Balances - Beginning of Year	<u>389,697</u>	<u>80,277</u>	<u>49,015</u>	<u>943,440</u>
Fund Balances - End of Year	<u>\$ 376,684</u>	<u>\$ 72,667</u>	<u>\$ 49,015</u>	<u>\$ 819,213</u>

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

TOWN OF STAFFORD, CONNECTICUT
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2018

	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	\$ 27,530	\$ 70,275	\$ 2,087	\$ 7,369	\$ 25,805	\$ 133,066
Investments	248,500	115,084		190,180		553,764
Other Receivables	-	-	-	-	-	-
Due from Other Funds	-	40	-	-	-	40
Total Assets	<u>\$ 276,030</u>	<u>\$ 185,399</u>	<u>\$ 2,087</u>	<u>\$ 197,549</u>	<u>\$ 25,805</u>	<u>\$ 686,870</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to Other Funds	<u>\$ 6,253</u>	<u>33,373</u>	<u>-</u>	<u>8,065</u>	<u>150</u>	<u>47,841</u>
Fund balances						
Nonspendable	38,368	114,171	2,000	11,241	22,500	188,280
Restricted	<u>231,409</u>	<u>37,855</u>	<u>87</u>	<u>178,243</u>	<u>3,155</u>	<u>450,749</u>
Total Fund Balances	<u>269,777</u>	<u>152,026</u>	<u>2,087</u>	<u>189,484</u>	<u>25,655</u>	<u>639,029</u>
Total Liabilities and Fund Balances	<u>\$ 276,030</u>	<u>\$ 185,399</u>	<u>\$ 2,087</u>	<u>\$ 197,549</u>	<u>\$ 25,805</u>	<u>\$ 686,870</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
JUNE 30, 2018

	A.H. Colton Fund	Hyde Park Fund	Orcutt Award Fund	Stafford Cemetery Association Fund	H.W. Lord Fund	Total Permanent Funds
REVENUES						
Local Sources	\$ 2,604	\$ 15,450	\$ -	\$ 2,400	\$ -	\$ 20,454
Investment Income	37,562	-	4	26,194	51	63,811
Total Revenues	<u>40,166</u>	<u>15,450</u>	<u>4</u>	<u>28,594</u>	<u>51</u>	<u>84,265</u>
EXPENDITURES						
Current						
Park and Recreation	-	21,214	-	-	-	21,214
Sundry	6,015	-	-	8,065	-	14,080
Education	-	-	-	-	150	150
Total Expenditures	<u>6,015</u>	<u>21,214</u>	<u>-</u>	<u>8,065</u>	<u>150</u>	<u>35,444</u>
Net Changes in Fund Balances	34,151	(5,764)	4	20,529	(99)	48,821
Fund Balances - Beginning of Year	<u>235,626</u>	<u>157,790</u>	<u>2,083</u>	<u>168,955</u>	<u>25,754</u>	<u>590,208</u>
Fund Balances - End of Year	<u>\$ 269,777</u>	<u>\$ 152,026</u>	<u>\$ 2,087</u>	<u>\$ 189,484</u>	<u>\$ 25,655</u>	<u>\$ 639,029</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, 2018

	<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
JUNE 30, 2018

	Pension Trust Funds		
	<u>Town</u>	<u>Volunteers</u>	<u>Total</u>
ADDITIONS:			
Town Contributions	\$ 1,141,426	\$ 18,000	\$ 1,159,426
Investment income			
Net change in fair value of investments	746,122	-	746,122
Interest and dividends	<u>-</u>	<u>472</u>	<u>472</u>
Total Additions	<u>1,887,548</u>	<u>18,472</u>	<u>1,906,020</u>
DEDUCTIONS			
Benefits Paid	1,003,601	15,580	1,019,181
Plan Administration	<u>37,918</u>	<u>250</u>	<u>38,168</u>
Total Deductions	<u>1,041,519</u>	<u>15,830</u>	<u>1,057,349</u>
Change in Net Position	846,029	2,642	848,671
Net Position - Beginning of Year	<u>14,827,265</u>	<u>13,086</u>	<u>14,840,351</u>
Net Position - End of Year	<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 FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2018

	Food Bank Fund	Standish Fund	Fuel Bank Fund	Toys for Tots Fund	Youth Center Fund
ASSETS					
Cash and Equivalents	\$ <u>35,433</u>	\$ <u>6,487</u>	\$ <u>48,057</u>	\$ <u>3,128</u>	\$ <u>670</u>
LIABILITIES					
Due to other funds	\$ <u>1,697</u>	\$ <u>-</u>	\$ <u>6,135</u>	\$ <u>573</u>	\$ <u>-</u>
NET POSITION					
Restricted for other purposes	\$ <u>33,736</u>	\$ <u>6,487</u>	\$ <u>41,922</u>	\$ <u>2,555</u>	\$ <u>670</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, 2018

	<u>Holt Memorial Fund</u>	<u>Soccer Field Project Fund</u>	<u>Tree Beautification Fund</u>	<u>Total</u>
ASSETS				
Cash and Equivalents	\$ <u>9,012</u>	\$ <u>1,047</u>	\$ <u>644</u>	\$ <u>104,478</u>
LIABILITIES				
Due to other funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>8,405</u>
NET POSITION				
Restricted for other purposes	\$ <u>9,012</u>	\$ <u>1,047</u>	\$ <u>644</u>	\$ <u>96,073</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
JUNE 30, 2018

	Food Bank Fund	Standish Fund	Fuel Bank Fund	Toys for Tots Fund	Youth Center Fund
ADDITIONS					
Contributions					
Donations	\$ 5,325	\$ -	\$ 16,984	\$ 500	\$ 2,500
Investment income					
Interest and dividends	64	12	83	6	1
Total Additions	5,389	12	17,067	506	2,501
DEDUCTIONS					
Sundry	1,697	-	8,097	573	2,500
Change in Net Position	3,692	12	8,970	(67)	1
Net Position - Beginning of Year	30,044	6,475	32,952	2,622	669
Net Position - End of Year	\$ 33,736	\$ 6,487	\$ 41,922	\$ 2,555	\$ 670

(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
JUNE 30, 2018

	Holt Memorial Fund	Soccer Field Project Fund	Tree Beautification Fund	Total
ADDITIONS				
Contributions				
Donations	\$ -	\$ -	\$ -	\$ 25,309
Investment income				
Interest and dividends	18	2	1	187
Total Additions	18	2	1	25,496
DEDUCTIONS				
Sundry	-	-	-	12,867
Change in Net Position	18	2	1	12,629
Net Position - Beginning of Year	8,994	1,045	643	83,444
Net Position - End of Year	\$ 9,012	\$ 1,047	\$ 644	\$ 96,073

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
JUNE 30, 2018

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets				
Cash	\$ 181,809	\$ 320,016	\$ (317,006)	\$ 184,819
Investments	6,636	1,342	-	7,978
Total Assets	\$ 188,445	\$ 321,358	\$ (317,006)	\$ 192,797
Liabilities				
Due to Students	\$ 188,445	\$ 321,358	\$ (317,006)	\$ 192,797
 Performance Bond Fund				
Assets				
Cash	\$ 36,016	\$ 38,066	\$ (25,000)	\$ 49,082
Liabilities				
Due to Others	\$ 36,016	\$ 38,066	\$ (25,000)	\$ 49,082
 Combined Total				
Assets				
Cash	\$ 217,825	\$ 358,082	\$ (342,006)	\$ 233,901
Investments	6,636	1,342	-	7,978
Total Assets	\$ 224,461	\$ 359,424	\$ (342,006)	\$ 241,879
Liabilities				
Due to Students and Others	\$ 224,461	\$ 359,424	\$ (342,006)	\$ 241,879

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

TOWN OF STAFFORD, CONNECTICUT
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES FOR THE BOARD OF EDUCATION
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND – BOARD OF EDUCATION
YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual Budgetary Basis	Variance with Final Budget
Salaries			
Certified personnel	\$ 10,613,469	\$ 10,391,844	\$ (221,625)
Non-certified personnel	5,598,406	5,218,969	(379,437)
	<u>16,211,875</u>	<u>15,610,813</u>	<u>(601,062)</u>
Employee Benefits			
Medical, dental and life insurance	3,477,898	3,477,898	-
Social security	269,263	260,542	(8,721)
Medicare	236,163	225,434	(10,729)
Non-certified pension	582,910	582,606	(304)
Unemployment compensation	53,183	63,002	9,819
Worker's compensation	166,000	176,964	10,964
	<u>4,785,417</u>	<u>4,786,446</u>	<u>1,029</u>
Purchased Services			
Contracted Instructional Services	231,000	246,082	15,082
Purch Prof/Tech Services	65,795	20,454	(45,341)
Other Professional Services	142,085	150,905	8,820
Water and Sewer	27,152	17,338	(9,814)
Custodial/Fire/Constable	23,999	2,009	(21,990)
Trash Removal	45,000	41,499	(3,501)
Repairs and Maintenance	630,891	562,198	(68,693)
Lease rental	143,981	110,217	(33,764)
Student Transportation	2,083,920	2,178,684	94,764
Property Insurance	117,237	92,357	(24,880)
Liability Insurance	87,606	81,396	(6,210)
Communications	112,238	89,623	(22,615)
Advertising	1,000	132	(868)
Printing and Binding	9,600	5,428	(4,172)
Out of District Tuition	815,000	1,189,028	374,028
Magnet School Tuition	246,150	195,689	(50,461)
Travel	18,400	13,337	(5,063)
Athletic / Other trips	66,016	76,669	10,653
Other Purchased Services	5,000	-	(5,000)
	<u>4,872,070</u>	<u>5,073,045</u>	<u>200,975</u>
Supplies and Materials			
IT Supplies	4,000	2,214	(1,786)
Instructional Supplies	397,252	233,411	(163,841)
Building Services Supplies	99,900	93,504	(6,396)
Fuel Oil	122,129	193,481	71,352
Electricity	513,100	513,100	-
Propane Gas	42,600	51,036	8,436
Gasoline	4,000	3,942	(58)
Textbooks	69,947	66,381	(3,566)
Library Materials	14,801	7,484	(7,317)
Equipment	123,045	129,145	6,100
Computer Software	64,590	65,675	1,085
	<u>1,455,364</u>	<u>1,359,373</u>	<u>(95,991)</u>
Other Objects			
Dues and Fees	178,024	144,416	(33,608)
Debt Related Expenditures	156,250	156,250	-
	<u>334,274</u>	<u>300,666</u>	<u>(33,608)</u>
Total Board of Education Expenditures	<u>\$ 27,659,000</u>	<u>\$ 27,130,343</u>	<u>\$ (528,657)</u>

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

TOWN OF STAFFORD, CONNECTICUT
FEDERAL AND STATE SINGLE AUDITS
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF STAFFORD, CONNECTICUT
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O'Connell, Pace, & Company, P.C.

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Mario Pace, C.P.A.
Albert Celentano, C.P.A.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board of Finance
Town of Stafford, Connecticut

We have audited, in accordance with the 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Stafford, Connecticut's basic financial statements, and have issued our report thereon dated March 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Stafford, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stafford, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stafford, Connecticut's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stafford, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Stafford, Connecticut's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "O'Connell, Pace, + Company PC". The signature is written in a cursive style and is contained within a thin black rectangular border.

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

March 25, 2019

TOWN OF STAFFORD, CONNECTICUT
FEDERAL SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2018

O'Connell, Pace, & Company, P.C.

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Independence Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**To the Members of the Board of Finance
Town of Stafford, Connecticut**

Report on Compliance for Each Major Federal Program

We have audited the Town of Stafford's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Stafford's major federal programs for the year ended June 30, 2018. The Town of Stafford, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Stafford's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Stafford, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Stafford, Connecticut's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Stafford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Town of Stafford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Stafford's internal control over compliance with the types of requirements that

could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Stafford's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Financial Assistance Required by the Uniform Guidance

We have audited the 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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Stafford, Connecticut's basic financial statements. We issued our report thereon dated March 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sincerely,



O'Connell, Pace & Company, P.C.

March 25, 2019

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Program Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Commodity Supplemental Food Program	10.565	N/A	<u>38,285</u>
Pass-Through programs from Connecticut State Department of Education			
Child Nutrition Cluster			
National School Lunch	10.555	12060-SDE64370-20560	235,882
School Breakfast Program	10.553	12060-SDE64370-20508	66,285
Summer Food Service Program for Children	10.559	12060-SDE64700-20540	14,867
Summer Food Sponsor Admin	10.559	12060-SDE64370-20548	<u>1,531</u>
Total Child Nutrition Cluster			<u>318,565</u>
Total U.S. Department of Agriculture			<u>356,850</u>
<u>National Endowment Humanities</u>			
Pass-Through programs from Connecticut Office of Economic and Community Development			
National Endowment for the Arts	45.025	12060-ECD46820-20328	<u>167</u>
Total U.S. Department of Housing and Urban Development			<u>167</u>
<u>U.S. Department of Transportation</u>			
Pass-Through programs from Connecticut Department of Transportation			
Alcohol Open Container Requirements	20.607	12062-DOT57313-22091	41,603
Highway Planning and Construction	20.205	12062-DOT57124-22108	275
Federal Highway Safety Grants	20.600	12062-DOT57313-20559	<u>3,380</u>
Total U.S. Department of Transportation			<u>45,258</u>

(continued)

The accompanying notes are in integral part of this schedule.

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Program Expenditures
<u>U.S. Department of Education</u>			
Pass-Through programs from Connecticut State Department of Education			
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	12060-SDE64370-20977 CU	319,607
Special Education Grants to States	84.027	12060-SDE64370-20977 CO	36,884
Subtotal			<u>356,491</u>
Special Education Preschool Grants	84.173	12060-SDE64370-20983 CO	12,783
Total Special Education Cluster (IDEA)			<u>369,274</u>
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679 CU	144,203
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679 CO	28,570
Subtotal			<u>172,773</u>
Title II Part A - Teacher and Principal Training and Recruiting	84.367	12060-SDE64370-20858 CU	9,100
Title II Part A - Teacher and Principal Training and Recruiting	84.367	12060-SDE64370-20858 CO	12,364
Subtotal			<u>21,464</u>
Supporting Effective Instruction State Grant	84.424	12060-SDE64370-22854	8,166
Subtotal			<u>8,166</u>
Total U.S. Department of Education			<u>571,677</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through programs from Connecticut Department of Mental Health and Addiction Services			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	12060-MHA53300-21782	20,349
Pass-Through programs from Eastconn			
Early Head Start	93.600	N/A	93,452
Total U.S. Department of Health and Human Services			<u>113,801</u>
<u>U.S. Department of Homeland Security</u>			
Pass-Through programs from Connecticut Department of Emergency Services and Public Protection			
Emergency Management Performance Grants	97.042	12060-DPS32990-21881	5,964
Total U. S. Department of Homeland Security			<u>5,964</u>
Total Federal Financial Assistance			<u>1,093,717</u>

The accompanying notes are in integral part of this schedule.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of the Town of Stafford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

COST ALLOCATION PRINCIPLES

The Town of Stafford, Connecticut has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 – OTHER FEDERAL ASSISTANCE

Donated commodities in the amount of \$38,285 are included in the department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued		unmodified		
Internal control over financial reporting				
- Material weakness(es) identified?	_____	yes	<u> x </u>	no
- Significant deficiency(ies) identified?_	_____	yes	<u> x </u>	none reported
- Noncompliance material to financial Statements noted	_____	yes	<u> x </u>	no

Federal Financial Assistance

Internal control over major programs				
- Material weakness(es) identified?	_____	yes	<u> x </u>	no
- Significant deficiency(ies) identified?_	_____	yes	<u> x </u>	none reported
Type of report issued on compliance for major programs:		unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of 2 CFR 200.516(a)?	_____	yes	<u> x </u>	no

The following schedule reflects the major programs included in the audit:

CFDA Number(s)	Name of Federal Program Cluster
84.027	Special Education Cluster (IDEA)
84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$750,000</u>	
Auditee qualified as a low risk auditee?	<u> x </u>	yes	_____ no

Section II – Financial Statement Findings:

No findings to report.

Section III – Federal Financial Assistance Findings:

No findings to report.

TOWN OF STAFFORD, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Financial Statement Findings:

Finding MW-2015-007 – General Government Payroll

Condition: The general government has some payroll procedures, but they are not required to be followed consistently.

Current Status: The finding has been corrected. Payroll procedures have been implemented and are being followed consistently.

TOWN OF STAFFORD, CONNECTICUT
STATE SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2018

O'Connell, Pace, & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Albert Celentano, C.P.A.

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

**To the Members of the Board of Finance
Town of Stafford, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of Stafford's compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of the Town of Stafford's major state programs for the year ended June 30, 2018. The Town of Stafford's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Stafford's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Stafford's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Stafford's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Stafford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Town of Stafford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Stafford's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Stafford's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stafford as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Stafford's basic financial statements. We have issued our report thereon dated March 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stafford's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.-

Sincerely,



O'Connell, Pace & Company, P.C.

March 25, 2019

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

State Grantor Pass-Through Grantor Program Total	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Connecticard Payments	11000-CSL66051-17010	\$ 329
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Total Connecticut State Library		<u>4,329</u>
Department of Agriculture		
Senior Food Vouchers	11000-DAG42710-12421	4,500
Total Department of Agriculture		<u>4,500</u>
Department of Transportation		
Town Aid Road Grants Transportation Fund - Municipal	12052-DOT57131-43455	215,266
Town Aid Road - STO	13033-DOT57131-43459	196,906
Bus Operations	11000-DOT57931-12175	29,355
Total Department of Transportation		<u>441,527</u>
Department of Economic and Community Development		
Arts Commission	11000-ECD46820-16258	333
Total Department of Economic and Community Development		<u>333</u>
Office of Policy and Management		
Reimburse to Towns - Tax Loss on State Property	11000-OPM20600-17004	4,031
Reimburse to Towns - Private Tax - Exempt Property	11000-OPM20600-17006	82,604
Reimburse of Property Tax - Disability Exemption	11000-OPM20600-17011	2,618
Property Tax Relieve for Veterans	11000-OPM20600-17024	29,745
Municipal Grants in Aid	12052-OPM20600-43587	453,163
Total Office of Policy and Management		<u>572,161</u>
Office of Early Childhood		
School Readiness and Child Care	11000-OEC64845-16274	116,550
Competitive School Readiness	11000-OEC64845-16158	3,881
Total Office of Early Childhood		<u>120,431</u>

(continued)

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

State Grantor Pass-Through Grantor Program Total	State Grant Program Core-CT Number	Expenditures
Department of Education		
Family Resource Center Program	11000-SDE64000-16110	90,000
Youth Services Bureau Enhancement	11000-SDE64000-16201	4,639
Child Nutrition State Match	11000-SDE64000-16211	6,800
Healthy Foods Initiative	11000-SDE64000-16212	12,934
Adult Education	11000-SDE64000-17030	25,642
School Breakfast	11000-SDE64000-17046	14,470
Youth Services Bureau	11000-SDE64000-17052	18,857
After School Program	11000-SDE64000-17084	134,267
Total Department of Education		<u>307,609</u>
Judicial Branch		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	1,665
Total Department of Revenue Services		<u>1,665</u>
Department of Mental Health and Addiction Services		
Grants for Sub Abuse Services	11000-MHA53300-16003	\$ 56,179
Total Department of Mental Health and Addiction Services		<u>56,179</u>
Other State Financial Assistance	N/A	<u>266</u>
Total State Financial Assistance before Exempt Programs		<u>1,509,000</u>
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64000-17041-82010	8,497,609
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	115,511
Total Department of Education		<u>8,613,120</u>
Department of Administrative Services		
School Construction Grants	13010-DAS27636-40901	132,864
School Construction - Interest	13010-DAS27636-40896	2,635
Total Office of Policy and Management		<u>135,499</u>
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	92,112
Municipal Stabilization Grant	11000-OPM20600-17104	161,778
Total Office of Policy and Management		<u>253,890</u>
Total Exempt Programs		<u>9,002,509</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 10,511,509</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Stafford, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

Because the Schedule presents only a selected portion of the operations of the Town of Stafford, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position, or cash flows of the Town of Stafford, Connecticut.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Stafford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued		unmodified		
Internal control over financial reporting				
- Material weakness(es) identified?	_____	yes	<u> x </u>	no
- Significant deficiency(ies) identified?_	_____	yes	<u> x </u>	none reported
- Noncompliance material to financial Statements noted	_____	yes	<u> x </u>	no

State Financial Assistance

Internal control over major programs				
- Material weakness(es) identified?	_____	yes	<u> x </u>	no
- Significant deficiency(ies) identified?_	_____	yes	<u> x </u>	none reported

Type of report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	_____	yes	<u> x </u>	no
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The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants – Municipal	12052-DOT57131-43455	\$ 215,266
Town Aid Road Grants - STO	13033-DOT57131-43459	196,906
Office of Policy and Management		
Municipal Grants in Aid	11000-OPM20600-43587	453,163
 Dollar threshold used to distinguish Between Type A and Type B programs:		 <u>\$ 200,000</u>

Section II – Financial Statement Findings:

No findings reported.

Section III – State Financial Assistance Findings:

No findings reported.

TOWN OF STAFFORD, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Financial Statement Findings:

Finding MW-2015-007 – General Government Payroll

Condition: The general government has some payroll procedures, but they are not required to be followed consistently.

Current Status: The finding has been corrected. Payroll procedures have been implemented and are being followed consistently.