TOWN OF STAFFORD, CONNECTICUT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2011

TOWN OF STAFFORD
TABLE OF CONTENTS
JUNE 30, 2011

		Page
FINANCIAL SECTION		
	INDEPENDENT AUDITORS' REPORT	1-2
	MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
Exhibits	**BASIC FINANCIAL STATEMENTS**	
	Government-wide Financial Statements:	
A	Statement of Net Assets	10
B	Statement of Activities	11
	Governmental Funds:	
C	Balance Sheet	12
D	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
E	Statement of Revenues, Expenditures and Changes in Fund Balances	14
F	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
	Proprietary Funds:	
G	Statement of Net Assets	16
H	Statement of Revenues, Expenses, and Changes in Fund Net assets	17
I	Statement of Cash Flows	18
	Fiduciary Funds:	
J	Statement of Fiduciary Assets	19
K	Statement of Changes in Fiduciary Net Assets	20
	NOTES TO FINANCIAL STATEMENTS	21-50
	REQUIRED SUPPLEMENTARY INFORMATION	
RSI-1	Statement of Revenues and Other Financing Sources - Budget and Actual	51-52
RSI-2	Statement of Expenditures and Other Financing Uses - Budget and Actual	53-54
RSI-3	Statement of Expenditures - Board of Education - Budget and Actual	55

TOWN OF STAFFORD
TABLE OF CONTENTS *(Continued)*
JUNE 30, 2011

Schedules		Page
	OTHER SUPPLEMENTARY INFORMATION	
	Combining and Individual Fund Statements and Schedules:	
	Nonmajor Governmental Funds:	
1	Combining Balance Sheet	56-60
2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61-65
	Fiduciary Funds:	
3	Combining Statement of Fiduciary Net Assets	66-68
4	Combining Statement of Changes in Fiduciary Net Assets	69-70
	Capital Assets Used in the Operation of Governmental Funds:	
5	Schedule by Source	71
6	Schedule by Function and Activity	72
7	Schedule of Changes by Function and Activity	73
	Other Schedules:	
8	Schedule of Property Taxes Levied, Collected and Outstanding	74
9	Schedule of Property Taxes Levied, Collected and Outstanding - Stafford Service District	75
10	Schedule of Debt Limitation	76
	Small Cities Community Development Block Grant Programs:	
11	Schedule of Source and Status Funds	77
12	Schedule of Program Costs	78

TOWN OF STAFFORD
TABLE OF CONTENTS *(Continued)*
JUNE 30, 2011

	Page
FEDERAL SINGLE AUDIT REPORTS:	
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*	79-80
Report on Compliance with Requirements Applicable to Each Major Program, and on Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	81-82
Schedule of Expenditures of Federal Awards	83
Notes to Schedule of Expenditures of Federal Awards	84
Schedule of Federal Findings and Questioned Costs	85-86
STATE SINGLE AUDIT REPORTS	
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*	87-88
Report on Compliance with Requirements Applicable to Each Major Program, Internal Control over Compliance, and the Schedule of Expenditures of State Awards in Accordance with the State Single Audit Act	89-90
Schedule of State Financial Assistance	91
Notes to the Schedule of State Financial Assistance	92
Schedule of State Findings and Questioned Costs	93-94

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stafford, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Stafford, Connecticut's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stafford, Connecticut as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2012 on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America required that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 48 through 52 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 contest. 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.

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 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 accompanying schedules of expenditures of federal and state awards are presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Connecticut State Single Audit Act, and are not a required part of the basic financial statements of the Town of Stafford, Connecticut. The combining and individual nonmajor fund financial statements and schedules, and the schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely yours,

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

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

Hartford, Connecticut
January 19, 2012

TOWN OF STAFFORD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

As management of the Town of Stafford, we offer readers of the Town of Stafford's financial statements this overview of the financial activities of the Town of Stafford for the Fiscal Year ending June 30, 2011.

Financial Highlights

The assets of the Town of Stafford exceeded its liabilities at the close of the 2010-2011 fiscal year by $85,850,866 (net assets). (Exhibit A) Of this amount, $2,872,031 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Town of Stafford's governmental funds reported combined ending fund balances of $5,175,513, a decrease of $287,055 in comparison with the prior year. Of this amount $2,013,398 is available for spending at the government's discretion. (Unassigned fund balance) (Exhibit C)

At the end of the current fiscal year, unassigned fund balance for the general fund was $2,058,991. (Exhibit C)

Overview of the Financial Statements

This discussion and analysis consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits A and B) provide information about the activities of the Town as a whole and present a long-term view of the Town's finances. Fund financial statements are presented in Exhibit C –K. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements providing information about the Town's most significant funds.

Government-Wide Financial Statements

The analysis of the Town begins on Exhibit A and B. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Stafford's financial position. The statement of net assets presents information on all the Town of Stafford's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Stafford is improving or not. The statement of activities presents information showing how the government's net assets changed during the fiscal year.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Fund Financial Statements

The fund financial statements begin with Exhibit C. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stafford, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Stafford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds (Exhibit C and D) -Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in determining the town's near-term financing requirements.

The Town of Stafford has thirty-seven (37) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and W.P.C.F upgrades fund, all of which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements included in schedules 1 and 2 of this report.

The Town of Stafford adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement can be found in schedules RSI-1, RSI-2 and RSI-3.

Proprietary funds (Exhibit G-I) - The Town of Stafford maintains one type of propriety fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Stafford uses enterprise funds to account for its Sewer User Fund. Internal service funds (a component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities – such as the Town's Health and Dental insurance Internal Service Fund.

Proprietary funds provide the same type of information as the governmental-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer User Fund and Internal Service Fund.

Fiduciary Funds (Exhibits J and K) - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Stafford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Stafford's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Stafford, assets exceeded liabilities by $85,850,866 at the close of the most recent fiscal year.

The largest portion of the Town of Stafford's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Stafford uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Stafford's investment in its capital assets is the reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Stafford, Connecticut Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	6,932,035	7,796,363	904,864	900,017	7,836,899	8,696,380
Capital Assets	102,297,535	105,514,369	1,714,863	1,829,374	104,012,398	107,343,743
Total Assets	**109,229,570**	**113,310,732**	**2,619,727**	**2,729,391**	**111,849,297**	**116,040,123**
Long-term liabilities outstanding	15,330,624	9,826,252	0	0	15,330,624	9,826,252
Other liabilities	10,655,386	18,804,566	12,421	18,833	10,667,807	18,823,399
Total Liabilities	**25,986,010**	**28,630,818**	**12,421**	**18,833**	**25,998,431**	**28,649,651**
Net assets:						
Invested in capital assets, net of related debt	78,779,373	79,607,349	1,714,863	1,829,374	80,494,236	81,436,723
Restricted for:						
Special Revenue	943,509	1,387,283	0	0	943,509	1,387,283
Capital Projects	1,077,255	1,270,159	0	0	1,077,255	1,270,159
Other Purposes	463,835	449,828	0	0	463,835	449,828
Unrestricted	1,979,588	1,965,295	892,443	881,184	2,872,031	2,846,479
Total Net Assets	**83,243,560**	**84,679,914**	**2,607,306**	**2,710,558**	**85,850,866**	**87,390,472**

An additional portion of the Town of Stafford's net assets represents resources that are object to external restrictions on how they may be used.

Governmental activities

Governmental activities increased the Town of Stafford's net assets by $7,736,433. The key element of this increase is the investment in the Water Pollution Control Facility.

Business-type activities

Business-type activities decreased the Town of Stafford's net assets by $103,252. The key element of this decrease is due to the depreciation of capital assets. Revenue actually increased for 2011 by $3,377 and total expenditures decreased by $49,545.

Town of Stafford, Connecticut Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue:						
Charges for Service	1,994,775	1,826,019	867,004	858,700	2,861,779	2,684,719
Operating Grants and Contributions	15,238,259	15,521,209	0	0	15,238,259	15,521,209
Capital Grants and Contributions	6,074,235	1,016	0	0	6,074,235	1,016
	23,307,269	**17,348,244**	**867,004**	**858,700**	**24,174,273**	**18,206,944**
General Revenues						
Property Taxes	22,336,715	21,750,876	0	0	22,336,715	21,750,876
Investment Earnings	44,644	129,297	5,540	10,467	50,184	139,764
Grants & Contributions-unrestricted	1,001,464	860,451	0	0	1,001,464	860,451
Other	767,185	129,006	0	0	767,185	129,006
Net Unrealized Gain (Loss) on Stocks	35,946	23,807	0	0	35,946	23,807
Gain (Loss) on Sale of Assets	54,370	(182,358)	0	0	54,370	(182,358)
Total Revenues	**47,547,593**	**40,059,323**	**872,544**	**869,167**	**48,420,137**	**40,928,490**
Expenses:						
General Government	3,125,407	3,033,828	0	0	3,125,407	3,033,828
Public Safety	1,658,394	1,557,327	0	0	1,658,394	1,557,327
Public Works	2,160,016	666,341	0	0	2,160,016	666,341
Social Services and Health	597,074	725,638	0	0	597,074	725,638
Parks and Recreation	533,617	520,109	0	0	533,617	520,109
Planning and Zoning	52,684	73,719			52,684	73,719
Sundry	1,042,523	1,682,420	0	0	1,042,523	1,682,420
Education	30,076,993	20,443,757	0	0	30,076,993	20,443,757
Interest on Long-Term Debt	488,113	667,411	0	0	488,113	667,411
Sewer	0	0	1,082,796	1,132,341	1,082,796	1,132,341
Total Expenses	**39,734,821**	**29,370,550**	**1,082,796**	**1,132,341**	**40,817,617**	**30,502,891**
Transfers In/(Out)	(76,339)	(3,766)	107,000	3,766	30,661	0
Increase(Decrease) in Net Assets	**7,736,433**	**10,685,007**	**(103,252)**	**(259,408)**	**7,633,181**	**10,425,599**

Financial Analysis of the Government's Funds

The Town of Stafford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

As of the end of the current fiscal year, the Town of Stafford's governmental funds reported combined ending fund balances of $5,175,513 a decrease in comparison with the prior year. $2,013,398 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved and therefore not available for new spending because it has already been committed, or assigned.

The general fund is the chief operating fund of the Town of Stafford. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,058,991 while total fund balance was $2,736,507.

The balance for the general fund increased by $295,030, this is due to the Board of Selectman instituting a spending freeze to absorb the additional costs of snow removal and the Board of Finance reviewing expired special revenue resources.

Proprietary funds

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

Unrestricted net assets of the Sewer User Fund and the Internal Service Fund at the end of the year amounted to $892,443 and $210,607 respectively.

General Fund Budgetary Highlights

Differences between the final budget and the actual expenditures are shown with a favorable amount of $2,189,999. This large amount is due to the handling of the "ARRA Stabilization" money provided by the federal government for Education. This amount is included in the Schedule of Expenditures of Federal Awards. Differences between the original approved budget and the final budget show an increase of $544,670. This increase in spending can be attributed to appropriations made to the General Government, Public safety, Health, Highways and Bridges, Planning & Zoning, and Sundry.

Capital Asset and Debt Administration

Capital assets

The Town of Stafford's investments in capital assets for its governmental and business type activities as of the end of the current fiscal year amounts to $102,297,535 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges.

The Town of Stafford's investment in capital assets was restated due to overstated construction in progress due to new system reporting error.

Town of Stafford, Connecticut Capital Assets

	2011	2010
Land	1,683,260	1,285,820
Buildings & Land Improvements	87,069,916	59,901,790
Vehicles & Equipment	6,782,783	6,098,912
Construction in progress	13,311,228	44,002,996
Infrastructure	38,547,878	37,510,770
Total	**147,395,065**	**148,800,288**

Long-term debt

At the end of the current fiscal year, the Town of Stafford had total bonded debt outstanding of $14,502,070.

The current debt limitation for General Purpose bonds for the Town of Stafford is $47,963,919 which is significantly in excess of the Town of Stafford's outstanding general obligation debt.

Moody's Investors Services, Inc. has assigned its municipal bond rating for the Town of Stafford of "A1" with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal and interest on the Bonds will be issued by MBIA Insurance Corporation.

Economic Factors

* The unemployment rate for the Town of Stafford is currently 8.4% as of June 2011 which is a decrease from a rate of 9.3% a year ago. This is currently below the state's unemployment rate of 9.1%.

Requests for information

This financial report is designed to provide a general overview of the Town of Stafford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Stafford's Treasurer's Office, 1 Main Street, Stafford Springs, CT 06076.

TOWN OF STAFFORD

STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activites	Business-Type Activites	Total
Assets			
Cash and Cash Equivalents	$ 2,808,287	$ 615,903	$ 3,424,190
Investments	2,262,198		2,262,198
Receivables:			
Taxes (net)	1,224,818		1,224,818
Special Assessments	111,563		111,563
State and Federal Government	240,063		240,063
Loans	198,945		198,945
Other	42,759	206,932	249,691
Inventories	6,906		6,906
Internal Balances	(45,504)	76,165	30,661
Net Pension Asset	24,457	5,864	30,321
Deferred Charges, net	57,543		57,543
Capital Assets, net	102,297,535	1,714,863	104,012,398
Total Assets	109,229,570	2,619,727	111,849,297
Liabilities			
Accounts Payable & Accrued Expenses	648,967	12,421	661,388
Bond Premium, net	71,305		71,305
Noncurrent Liabilities:			
Due within one year	9,935,114		9,935,114
Due in more than one year	15,330,624		15,330,624
Total Liabilities	25,986,010	12,421	25,998,431
Net Assets			
Invested in Capital Assets, Net of Related Debt	78,779,373	1,714,863	80,494,236
Restricted for:			
Special Revenues	943,509		943,509
Capital Projects	1,077,255		1,077,255
Other Purposes	463,835		463,835
Unrestricted	1,979,588	892,443	2,872,031
Total Net Assets	$ 83,243,560	$ 2,607,306	$ 85,850,866

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government: Governmental Activites	Business-Type Activites	Total
Primary Government:							
Governmental Activities:							
Education	$ 30,076,993	$ 441,841	$ 14,191,861	$ 806,221	$ (14,637,070)	$	$ (14,637,070)
General Government	3,125,407	199,713			(2,925,694)		(2,925,694)
Public Safety	1,658,394	505,997	78,322	227,000	(847,075)		(847,075)
Public Works	2,160,016	599,217	767,913	5,006,114	4,213,228		4,213,228
Health and Social Services	597,074	31,465	119,323		(446,286)		(446,286)
Parks and Recreation	533,617	16,600			(517,017)		(517,017)
Planning & Zoning	52,684	162,563			109,879		109,879
Sundry	1,042,523	37,379	80,840	34,900	(889,404)		(889,404)
Interest On Long-Term Debt	488,113				(488,113)		(488,113)
Total Governmental Activites	39,734,821	1,994,775	15,238,259	6,074,235	(16,427,552)	--	(16,427,552)
Business Type Activities:							
Sewer	1,082,796	867,004	--	--		(215,792)	(215,792)
Total Primary Government	$ 40,817,617	$ 2,861,779	$ 15,238,259	$ 6,074,235	(16,427,552)	(215,792)	(16,643,344)
General Revenues:							
Property Taxes					22,336,715		22,336,715
Investment Earnings					44,644	5,540	50,184
Grants & Contributions - unrestricted					1,001,464		1,001,464
Miscellaneous					767,185		767,185
Transfers,net					(76,339)	107,000	30,661
Special Items:							
Net Unrealized Gain on Stock					35,946		35,946
Gain on Stock Sale					54,370		54,370
Total General Revenues, Transfers and Special Items					24,163,985	112,540	24,276,525
Change in Net Assets					7,736,433	(103,252)	7,633,181
Net Assets - Beginning (Restated)					75,507,127	2,710,558	78,217,685
Net Assets - Ending					$ 83,243,560	$ 2,607,306	$ 85,850,866

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	GENERAL FUND	W.P.C.F. UPGRADES	OTHER GOV'T FUNDS	TOTAL GOV'T FUNDS
ASSETS				
Cash and Cash Equivalents	$ 750,130	$ 816,479	$ 1,241,678	$ 2,808,287
Investments	978,874		1,283,324	2,262,198
Receivables:				
Taxes (net)	1,224,818			1,224,818
Special Assessments			111,563	111,563
State and Federal Government	182,010		58,053	240,063
Loans			198,945	198,945
Other	19,827		22,932	42,759
Inventories			6,906	6,906
Due from Other Funds	1,107,504		24,276	1,131,780
Total Assets	$ 4,263,163	$ 816,479	$ 2,947,677	$ 8,027,319
LIABILITIES				
Accounts Payable	$ 450,077	$ 34,500	$ 94,154	$ 578,731
Pension Benefit Payable				- -
Deferred Revenues	1,076,579		19,212	1,095,791
Due to Other Funds		805,963	371,321	1,177,284
Total Liabilities	1,526,656	840,463	484,687	2,851,806
FUND BALANCES				
Nonspendable			394,131	394,131
Restricted			1,883,212	1,883,212
Committed	577,224			577,224
Assigned	100,292		207,256	307,548
Unassigned	2,058,991	(23,984)	(21,609)	2,013,398
Total Fund Balances	2,736,507	(23,984)	2,462,990	5,175,513
Total Liabilities & Fund Balances	$ 4,263,163	$ 816,479	$ 2,947,677	$ 8,027,319

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

RECONCILIATION OF THE BALANCE SHEET OF GOVERNEMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2011

Amounts reported for Governmental Activities in the statement of net assets are different because:

Total fund balances - total governmental funds	$	5,175,513
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		102,297,535
Net pension asset is not included in the governmental funds		24,457
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		1,095,791
Bond issuance costs are amortized over the life of the bonds on the statement of net assets		57,543
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(25,407,279)
Net assets of governmental activities	$	83,243,560

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,EXPENDITUES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND	W.P.C.F. UPGRADES	OTHER GOV'T FUNDS	TOTAL GOV'T FUNDS
REVENUES				
Taxes	$ 22,252,847	$	$	$ 22,252,847
Intergovernmental	12,502,647	4,950,871	5,450,627	22,904,145
Local Sources	1,349,507		754,620	2,104,127
Other	132,408	352,008	27,054	511,470
Investment income	31,041	3,168	10,435	44,644
Net apprec.(deprec.) on investments			35,946	35,946
Total Revenues	36,268,450	5,306,047	6,278,682	47,853,179
EXPENDITURES				
General Government	3,180,730		6,962	3,187,692
Public Safety	1,320,208		283,632	1,603,840
Health	679,982			679,982
Public Works	1,969,339	6,055,490	1,206,484	9,231,313
Parks and Recreation	500,108		12,945	513,053
Planning and Zoning	52,684			52,684
Sundry	849,489		275,606	1,125,095
Education	25,026,777		3,915,692	28,942,469
Capital Outlay				
Debt Service	2,132,231			2,132,231
Total Expenditures	35,711,548	6,055,490	5,701,321	47,468,359
Excess of Revenues Over (Under) Expenditures	556,902	(749,443)	577,361	384,820
OTHER FINANCING SOURCES (USES)				
Transfers in	7,151,812		314,880	7,466,692
Transfers (out)	(252,148)	(6,952,008)	(338,875)	(7,543,031)
BAN / Loan Proceeds	8,720,000			8,720,000
Premium on BANS	71,305			71,305
Bond Proceeds		6,566,000		6,566,000
Retirement of BAN	(15,952,841)			(15,952,841)
Total	(261,872)	(386,008)	(23,995)	(671,875)
Excess of Revenues and Other Sources Over (Under) Expenditures and Uses	295,030	(1,135,451)	553,366	(287,055)
FUND BALANCE - June 30, 2010 restated	2,441,477	1,111,467	1,909,624	5,462,568
FUND BALANCE - June 30, 2011	$ 2,736,507	$ (23,984)	$ 2,462,990	$ 5,175,513

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

RECONCILIATION OF THE STATEMENT OF REVENUES,EXPENDITURES,AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Amounts reported for Governmental Activities in the statement of activities are different because:

Net change in fund balances - Total Governmental Funds	$	(287,055)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. depreciation in the current period		5,900,791
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds		(305,586)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liablities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments		2,352,911
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		75,372
Change in net assets of governmental activities	$	7,736,433

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	SEWER USER FUND	INTERNAL SERVICE FUND
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 615,903	$ 129,848
Receivables (net)	206,932	80,759
Due fom other funds	107,000	
Net pension asset	5,864	
Total Current Assets	935,699	210,607
Capital Assets(net):		
Buildings	2,932,233	
Construction in progress	515,000	
Equipment and fixtures	1,206,525	
Accunulated depreciation	(2,938,895)	
Capital assets (net)	1,714,863	--
Total Assets	2,650,562	210,607
LIABLITIES		
Accounts payable	12,421	
Due to other funds	30,835	
Total Liabilities	43,256	--
NET ASSETS		
Invested in capital assets,net of related debt	1,714,863	
Unrestricted	892,443	210,607
Total Net Assets	$ 2,607,306	$ 210,607

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

PROPRIETARY FUNDS
STATEMENT OF REVENUES,EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	SEWER USER FUND	INTERNAL SERVICE FUND
OPERATING REVENUES:		
Charges for services	$ 867,004	$
Premiums		323,150
Total Operating Revenues	867,004	323,150
OPERATING EXPENSES:		
Salaries and benefits	496,518	
Repairs, maintenance, and rentals	95,486	
Utilities	145,492	
Equipment, supplies and materials	29,496	
General and administration	201,293	16,399
Claims		227,400
Depreciation	114,511	
Total Operating Expenses	1,082,796	243,799
OPERATING INCOME	(215,792)	79,351
NONOPERATING REVENUE(EXPENSES)		
Interest income	5,540	921
INCOME (LOSS) BEFORE TRANSFERS IN	(210,252)	80,272
TRANSFER IN	107,000	
Change In Net Assets	(103,252)	80,272
Total Net Assets - Beginning	2,710,558	130,335
Total Net Assets - Ending	$ 2,607,306	$ 210,607

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	SEWER USER FUND	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Operations	$ 789,891	$ 242,391
Cash Payments for Operating Expenses	(943,783)	(243,799)
Net Cash Used By Operating Activities	(153,892)	(1,408)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfer in	107,000	
Interest	5,540	921
Net Cash Provided By Investing Activities	112,540	921
NET DECREASE IN CASH and CASH EQUIVALENTS	(41,352)	(487)
CASH and CASH EQUIVALENTS - BEGINNING OF YEAR	657,255	130,335
CASH and CASH EQUIVALENTS - ENDING OF YEAR	$ 615,903	$ 129,848
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income(Loss)	$ (215,792)	$ 79,351
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	114,511	
Changes in assets and liabilities:		
(Increase) decrease in recieivables	29,887	(80,759)
(Increase) decrease indue from other funds	(107,000)	
(Increase) decrease in net pension asset	129	
Increase (decrease) in payables	(6,412)	
Increase (decrease) indue to other funds	30,785	
Net Cash Used By Operating Activities	$ (153,892)	$ (1,408)

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	$ --	222,696	$ 150,913
Investments,at fair value:			
Guaranteed insurance contract	9,035,145	--	--
Securities	--	--	3,235
Total Assets	9,035,145	222,696	154,148
LIABILITIES			
Due to others	--	--	146,355
Total Liablilities	--	--	146,355
NET ASSETS			
Held in trust for pension benefits and other purposes	$ 9,035,145	$ 222,696	$ 7,793

The accompanying notes are an integtal part of this statement

TOWN OF STAFFORD

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Funds	Private-Purpose Trust Funds
ADDITIONS:		
Contributions		
Employer contributions	$ 954,443	$ - -
Donations	- -	36,949
Total Contributions	954,443	36,949
Investment Earnings:		
Interest/ dividends/gains/losses	1,546,107	1,415
Transfer In	- -	- -
Total Additions(Reductons)	2,500,550	38,364
DEDUCTIONS:		
Benefits	441,907	- -
Administrative expense	48,776	- -
Education	- -	2,000
Sundry	- -	22,975
Transfer out	- -	- -
Total Deductions	490,683	24,975
Change in net assets	2,009,867	13,389
Net Assets - Beginning	7,025,278	209,307
Net Assets - Ending	$ 9,035,145	$ 222,696

The accompanying notes are an integral part of this statement

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

FINANCIAL REPORTING ENTITY

The Town of Stafford, Connecticut was incorporated in 1719 under the General Statutes of the State of Connecticut. The Town operates under a Town Meeting form of government as provided under the General Statutes of the State of Connecticut and any adopted Town ordinances. The chief elected officer is the First Selectman and the Town provides services as authorized by its charter including public safety (police and fire), sanitation, health, recreation, social services, libraries, education, planning and zoning and general administrative services.

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 that should be, but are not, combined with the financial statements of the Town.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. 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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

FINANCIAL STATEMENT PRESENTATION MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Financial information of the Town is presented in this report as follows:

1. Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Town's financial activities

2. Basic financial statements:

   a. Government-wide financial statements consist of a statement of net assets and a statement of activities.

      These statements report all of the assets, liabilities, revenues, expenses and gains and losses of the Town. Governmental activities are reported separately from business type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business type activities are normally supported by fees and charges for services and are usually intended by management to be financially self sustaining. Fiduciary funds of the Town are not included in these government-wide financial statements; however, separate financial statements are presented for the Fiduciary Funds.

      Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

      The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities.

      Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, if any, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

b. Fund financial statements consist of a series of statements focusing on information about the Town's major governmental and enterprise funds. Separate financial statements are presented for the governmental, proprietary and fiduciary funds.

Also maintained by the Town are fiduciary funds, such as agency funds used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

3. Notes for the financial statements providing information that is essential to a user's understanding of the basic financial statements.

4. Required supplementary information such as budgetary comparison schedules and other types of data required by GASB.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

The Town has designated the W.P.C.F. Upgrades fund as major governmental funds.

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

The Town reports the following major proprietary funds:

The sewer user fund accounts for the Town's sewer system program.

Additionally, the Town reports the following fund types:

The internal service fund accounts for the Town's self-insured dental coverage for employees.
The pension trust fund accounts for the activities of the Town's retirement system, which accumulates resources for pension benefit payments to qualified Town employees and volunteers.

The private-purpose trust fund is used to account for assets held by the Town in a trustee capacity or as an agent on behalf of others. All resources of the fund, including any earnings on invested resources, maybe used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

The Agency funds account for money held by the Town as custodian for outside groups and activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

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

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

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

BASIS OF BUDGETING AND BUDGETARY ACCOUNTING

The Town utilizes the following budgetary procedures in establishing the data reflected in the basic financial statements:

a. The Selectmen submit to the Board of Finance a proposed General Fund operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance them.

b. Public hearings are conducted to obtain taxpayer comments.

c. The budget is legally adopted at a public Town meeting.

d. The Board of Finance is authorized to increase individual department budgets by $20,000. Amounts in excess of $20,000 must be approved by a Town meeting.

e. The formal budget for the General Fund is integrated into the accounting system and is employed as a management control device during the year.

f. The Town integrates informal budgets into the accounting systems of various other individual funds for control purposes; however, strict adherence to these budgets is not intended.

CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are defined as liquid investments with an original maturity of three months or less.

INVESTMENTS

The Town's policy is to present all investments at fair value except for money market investments as defined in the statement, which the Town has elected to report at amortized cost.

The fair value of investments traded on public markets is determined using quoted market prices. The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. The fair value of the Town's position in the pool is the same as the value of the pool shares.

PROPERTY TAXES

Property taxes are assessed as of October 1 and levied on the following July 1. The real estate and personal property taxes are due in two installments, on July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

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

ENCUMBRANCES

Encumbrances are reported in the governmental funds in accordance with accounting principles generally accepted in the United States of America. Open encumbrances are reported as either restricted committed or assigned fund balance depending on the level of restriction. The commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities.

COMPENSATED ABSENCES

Town employees accumulate vacation and sick leave for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenditures are recognized in the General Fund in the current year to the extent they are paid during the year, or the amount is expected to be paid with available resources. The liability for the remainder of the vacation and sick leave is accounted for in the governmental-wide financial statements.

INVENTORIES

Inventories are valued at the lower of cost or market on the FIFO (first-in, first-out) basis. Inventories, included in the Special Revenue Funds, consist of food and supplies held in the School Cafeteria Fund. Reported inventories are offset by a fund balance reserve which indicates that they do not represent "available spendable resources".

CAPITAL ASSETS

Capital assets, 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. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.
Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50-100
Building Improvements	20
Infrastructure	50
Vehicles and Equipment	5-10

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

FUND BALANCES

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

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets – Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has assets restricted for purposes of Special Revenue, Capital Projects and Other Purpose permanent funds.

Unrestricted Net Assets – This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Financial Policies

The Board of Selectman meets on a weekly basis to review cash disbursement activities and to insure compliance with established policies. It is the Town's policy to fund current expenditures with current revenues and the Board of Finance's mission is to eventually maintain the Town's unassigned fund balance at 7% of the total expenditures. The Board is actively working on achieving this level, currently at 5.88%.

The Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, for FY 2011 for its governmental funds. Under GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants, grantors, contributors or other governments); or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action resolution or ordinance by the Town's highest level of decision-making authority, The Board of Finance.

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

Financial Policies *(Continued)*

Assigned fund balance – Amounts that are constrained by the Town's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board of Finance, or by an official to whom that authority has been giving. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The Board of Finance is authorized to assign amounts for specific purposes. The Governmental Funds Balance Sheet provides details of the amounts that have been assigned for specific purposes. The Board has committed $61,396 for the Town Hall Repair. The funds can be used, at the Boards discretion on repairs or maintenance for Warren Memorial Town Hall. The Board has also committed $38,896 for the Special compensation fund. These funds can be used for unemployment compensation not included in current budget as well as retiree payouts of unused sick and vacation time.

RETIREMENT PLAN

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30 year period. The Town's policy is to fund pension costs as it accrues.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NET ASSETS

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

NOTE 2- RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds." The details of this $25,407,279 difference are as follows:

Bonds Payable	$	14,502,070
Less: Deferred charge on refunding (to be amortized as interest expense)		(98,465)
Notes Payable		96,981
BAN Payable		8,720,000
Bond Premium		71,305
Accrued Interest Payable		70,236
Capital Leases Payable		394,557
Net OPEB Obligation		684,400
Compensated Absences		810,467
Landfill Closure Estimated Obligation		155,728
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	$	25,407,279

B Explanation of certain difference between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total government funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the $5,900,791 difference are as follows:

Capital Outlay	$ 7,712,402
Depreciation Expense	(1,811,611)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ 5,900,791

NOTE 2- RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS *(Continued)*

Another element of that reconciliation states that --Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period (change in revenue accruals). Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net increase in revenues-that provide current financial resources. The details of this $84,796 difference are as follows:

Deferred revenue beginning of year	$ (1,010,995)
Deferred revenue end of year	1,095,791
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ 84,796

Another element of that reconciliation states that -- Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which payments exceeded proceeds. The details of this $2,352,911 difference are as follows:

BAN, Loan, and Bond Proceeds	$ 15,286,000
Bond Principal Payments	(17,638,911)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ (2,352,911)

Another element of that reconciliation states that --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. The details of this $(75,372) difference are as follows:

Accrued Interest on Bonds and Capital Leases	$ (16,839)
Net Pension Asset	474
Interest on Deferred Refunding	30,197
Interest on Ban	137,841
Bond Premium	13,480
Note Payable	(51,422)
Landfill Closure	(29,412)
Net OPEB Obligation	180,900
Compensated Absences	(340,591)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ (75,372)

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011 the Town's cash deposits were $3,797,799. In addition, $2,285,139 of the Town's bank balance of $3,627,343 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 10,440
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name	2,274,699
	$2,285,139

All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the Town's cash deposit as of June 30, 2011 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	$ 3,424,190
Statement of fiduciary net assets – Agency funds:	
Cash and cash equivalents	373,609
Cash Deposits	$ 3,797,799

INVESTMENTS

As of June 30, 2011, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years) Less Than One Year
Debt Securities:		
Short Term Investment Fund (STIF)	$ 887,101	$ 887,101
Securities	205,327	205,327
Money market funds	1,169,770	1,169,770
	2,262,198	$ 2,262,198
Other Investments:		
Securities (Agency Funds)	3,235	
Equity mutual funds	9,035,145	
Total	$11,300,578	

Because the STIF and money market funds had weighted average maturities of 35 days, 60 days and 30 days, respectively, they are presented as investments with maturities of less than one year.

NOTE 3 - **CASH DEPOSITS AND INVESTMENTS *(Continued)***

INVESTMENTS *(Continued)*

A reconciliation of the Town's investments as of June 30, 2011 is as follows:

Government-wide statement of net assets:	
Investments	$ 2,262,198
Statement of fiduciary net assets:	
Pension trust funds	9,035,145
Agency funds	3,235
	$11,300,578

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

Credit Risk
The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statues. Connecticut state statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in 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; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes, regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Town's investments in debt securities were rated as follows at June 30, 2011

Debt Securities	Fair Value	Standard & Poor's AAAm	Unrated
Short Term Investment Fund (STIF)	$ 887,101	$ 887,101	$ -0-
Securities	205,327		205,327
Money market funds	1,169,770	-0-	1,169,770
	$ 2,262,198	$ 887,101	$1,375,097

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments consist of investments in external investment pools and money market funds which are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4- LOANS RECEIVABLE

Loans receivable totaling $198,945 consists of deferred loans under the Federal Small Cities program. These loans are non-interest bearing and are due on demand, although the Town does not anticipate demanding payment on deferred loans except in the event of default, which occurs upon death of the borrower, transfer of the property's title or the refinancing of the property-related debt.

NOTE 5- CAPITAL ASSETS

The following is an analysis of changes in fixed assets for the year ended June 30, 2011:

Primary Government

	Restated Balance at July 1, 2010	Additions	Dispositions	Balance at June 30, 2011
Governmental Activities:				
Capital assets that are not Depreciated:				
Land	$ 1,648,360	$ 34,900	$ -	$ 1,683,260
Construction in Progress	34,626,014	6,721,464	28,036,250	13,311,228
Total	36,274,374	6,756,364	28,036,250	14,994,488
Capital assets that are Depreciated				
Buildings and Improvements	59,901,790	27,168,126	-	87,069,916
Equipment and Vehicles	6,098,912	683,871	-	6,782,783
Infrastructure	37,510,770	1,037,108		38,547,878
	103,511,472	28,889,105	-	132,400,577
Less Accumulated Depreciation				
Buildings and Improvements	12,076,317	1,010,589	-	13,086,906
Equipment and Vehicles	4,269,838	357,959	-	4,627,797
Infrastructure	26,939,764	443,063	-	27,382,827
	43,285,919	1,811,611	-	45,097,530
Total Depreciable Capital Assets, net	60,225,553	27,077,494	-	87,303,047
Govermental activities Capital Assets, net	$ 96,499,927	$ 33,833,858	$ 28,036,250	$ 102,297,535

Depreciation expense was charged to Governmental functions as follows:

Education	$ 931,673
General Government	63,653
Public Safety	81,198
Public Works	646,879
Health & Social Services	33,628
Parks & Recreation	54,580
Planning & Zoning	-0-
Total Depreciation Expense	$ 1,811,611

NOTE 5- CAPITAL ASSETS *(Continued)*

Business-type Activities

	Balance at July 1, 2010	Additions	Dispositions	Balance at June 30, 2011
Proprietary Fixed Assets:				
Capital assets that are not Depreciated:				
Construction in Progress	$ 515,000	$ -	$ -	$ 515,000
Capital assets that are Depreciated:				
Buildings and Improvements	$ 2,932,233	$ -	$ -	$ 2,932,233
Equipment	1,206,525	-	-	1,206,525
Total	4,138,758	-	-	4,138,758
Less Accumulated Depreciation				
Buildings and Improvements	2,185,334	64,930	-	2,250,264
Equipment	639,050	49,581	-	688,631
Total	2,824,384	114,511	-	2,938,895
Business-type Activities Capital Assets, net	$ 1,829,374	$(114,511)	$ -	$ 1,714,863

NOTE 6- LONG-TERM DEBT

The following is an analysis of the changes in long-term debt for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
General Obligation Bonds	$ 9,622,140	$ 6,566,000	$ 1,686,070	$ 14,502,070	$ 938,638
Less Deferred Amounts on Refunding	(123,080)	-	(24,615)	(98,465)	
Total Bonds Payable	9,499,060	6,566,000	1,661,455	14,403,605	938,638
Note Payable	148,403	-	51,422	96,981	52,460
BAN Payable	15,815,000	8,720,000	15,815,000	8,720,000	8,720,000
Landfill Closure	185,140	-	29,412	155,728	24,000
Compensated Absences	1,151,058	49,468	390,059	810,467	-
Net OPEB Obligation	503,500	308,700	127,800	684,400	-
Capital Lease Payable	592,960	1,339	199,742	394,557	200,016
Governmental activity Long-term Liabilities	$ 27,895,121	$ 15,645,507	$ 18,274,890	$ 25,265,738	$ 9,935,114

NOTE 6- LONG-TERM DEBT (Continued)

The following is a summary of bonds and serial notes outstanding as of June 30, 2011:

Debt Type	Issue Date	Maturity Date	Interest Rate	Amount of Original Issue	Amount Outstanding June 30, 2011
Bonded Debt					
General Purpose Bonds:					
General Improvements - Lot A	8/1/2002	8/1/2017	3.70%	$ 3,530,000	$ 1,545,000
General Refunding - Lot B	8/1/2002	10/15/2014	3.27%	$ 3,013,200	765,000
Total General Purpose Bonds					$ 2,310,000
School Bonds:					
School renovations	10/15/1990	10/15/2010	6.70-8.50%	$ 3,500,000	-
School renovations	5/15/1991	10/15/2010	5.75-7.70%	$ 9,000,000	-
School Building Project	11/15/2005	11/15/2025	3.75-5.00%	$ 7,500,000	5,625,000
School refunding - Lot B	8/1/2002	10/15/2010	3.27%	$ 1,457,100	-
Total School Bonds					$ 5,625,000
Sewer Bonds:					
Sewer Improvements	1/26/1984	1/26/2012	5.00%	$ 30,000	$ 1,070
Sewer Refunding -Lot B	8/1/2002	10/15/2010	3.27%	$ 784,700	-
Sewer Upgrade	7/30/2010	7/28/2040	3.25%	$ 6,566,000	6,566,000
Total Sewer Bonds					$ 6,567,070
Total Bonded Debt					$ 14,502,070
Note Payble					
State of Connecticut					
Clean Water fund 282-C	4/19/1994	4/30/2013	2.00%	$ 896,559	$ 96,981

NOTE 6- LONG-TERM DEBT (Continued)

The following is a summary of Bond and Note debt principal maturities:

Fiscal Year Ending June 30,	Bonded Debt				Note Payable	Total
	General	School	Sewer	Total		
2012	$ 430,000	$ 375,000	$ 133,638	$ 938,638	$ 52,460	$ 991,098
2013	425,000	375,000	136,876	936,876	44,521	981,397
2014	420,000	375,000	141,325	936,325		936,325
2015	390,000	375,000	145,918	910,918		910,918
2016	225,000	375,000	150,660	750,660		750,660
2017	225,000	375,000	155,557	755,557		755,557
2018	195,000	375,000	160,612	730,612		730,612
2019		375,000	165,832	540,832		540,832
2020		375,000	171,222	546,222		546,222
2021		375,000	176,787	551,787		551,787
2022		375,000	182,532	557,532		557,532
2023		375,000	188,464	563,464		563,464
2024		375,000	194,590	569,590		569,590
2025		375,000	200,914	575,914		575,914
2026		375,000	207,443	582,443		582,443
2027			214,185	214,185		214,185
2028			221,146	221,146		221,146
2029			228,334	228,334		228,334
2030			235,754	235,754		235,754
2031			243,416	243,416		243,416
2032			251,327	251,327		251,327
2033			259,496	259,496		259,496
2034			267,929	267,929		267,929
2035			276,637	276,637		276,637
2036			285,628	285,628		285,628
2037			294,910	294,910		294,910
2038			304,495	304,495		304,495
2039			314,391	314,391		314,391
2040			324,609	324,609		324,609
2041			332,441	332,441		332,441
TOTAL	$ 2,310,000	$ 5,625,000	$ 6,567,070	$ 14,502,070	$ 96,981	$ 14,599,051

NOTE 6- LONG-TERM DEBT (Continued)

The following is a summary of Bond and Note debt interest maturities:

Fiscal Year Ending June 30,	Bonded Debt				Note Payable	Total
	General	School	Sewer	Total		
2012	$ 82,925	$ 233,437	$ 213,449	$ 529,811	$ 1,461	$ 531,272
2013	67,323	216,563	209,087	492,973	410	493,383
2014	51,060	199,687	204,638	455,385		455,385
2015	34,860	180,937	200,045	415,842		415,842
2016	22,447	164,062	195,303	381,812		381,812
2017	13,110	149,063	190,406	352,579		352,579
2018	4,193	134,062	185,351	323,606		323,606
2019		119,062	180,131	299,193		299,193
2020		103,828	174,741	278,569		278,569
2021		88,360	169,176	257,536		257,536
2022		72,657	163,431	236,088		236,088
2023		56,719	157,499	214,218		214,218
2024		40,781	151,373	192,154		192,154
2025		24,609	145,049	169,658		169,658
2026		8,203	138,520	146,723		146,723
2027			131,778	131,778		131,778
2028			124,817	124,817		124,817
2029			117,629	117,629		117,629
2030			110,209	110,209		110,209
2031			102,547	102,547		102,547
2032			94,636	94,636		94,636
2033			86,467	86,467		86,467
2034			78,034	78,034		78,034
2035			69,326	69,326		69,326
2036			60,335	60,335		60,335
2037			51,053	51,053		51,053
2038			41,468	41,468		41,468
2039			31,572	31,572		31,572
2040			21,354	21,354		21,354
2041			13,522	13,522		13,522
TOTAL	$ 275,918	$ 1,792,030	$ 3,812,944	$ 5,880,892	$ 1,871	$ 5,882,763

All general long-term bonds are secured by the general revenue raising powers of the Town and payment will be primarily provided by General Fund revenues.

NOTE 6- LONG-TERM DEBT (Continued)

Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment for the public works, the transfer station, and education departments. Principal payments for 2010-2011 were $197,296. The following is a summary of capital lease commitments as of June 30, 2011

Year Ending June 30,	
2012	$ 200,016
2013	106,334
2014	42,923
2015	45,284
Present value of minimum lease payments	$ 394,557

The Town's outstanding leases payable is currently $394,557. The net book value of the capital assets purchased is $671,126 which exceeds the principal balance owed by $276,569 as of June 30, 2011.

Landfill Closure

As a result of the adoption of GASB Statement No. 18, *Accounting for Municipal Solid Landfill Closure and Post Closure Care Costs*, concerning closure and post closure costs related to operation of a landfill, the Town has recognized an obligation in the amount of $155,728 for future monitoring costs in the General Long Term Debt Account Group, to be funded by future taxation. This liability is based on estimates and is subject to change as a result of inflation, technological changes, or regulatory changes.

NOTE 7- INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund transfers is presented below:

	Transfer In				
Transfer Out	General	Major Governmental	Nonmajor Governmental	Proprietary Fund	Total
General Fund	$ -	-	252,148	-	$ 252,148
Major	6,845,008	-	-	107,000	6,952,008
Nonmajor	276,143	-	62,732	-	338,875
Fiduciary Fund	30,661				30,661
	$ 7,151,812	-	314,880	107,000	$ 7,573,692

NOTE 7- **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS *(Continued)***

Interfund balances at June 30, 2011 were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 1,107,504	$
Special Revenue Funds:		
Dog Fund	388	
Special Education Grants	-	4,004
Sewer Assessment Fund	50	
Town Aid Road Fund	-	75,505
Small Cities Grant	-	22,577
Hometown Leadership Award		1,204
Excess Cost Grant		166,809
Stafford Service District		3,266
Stafford Youth Center		485
Small Cities High St. Reconstruction		8,792
Program Income Account		4,477
Public Community Grant		22,634
Animal Shelter Fund		388
Capital Project Funds:		
Capital Project Initiative		30,379
New Elementary School		23,838
High School Renovations	23,838	
WPCF Upgrade		805,963
Permanent Funds:		
A. H. Colton Fund		6,962
Trust and Agency Funds:		
Driveway Bonds Fund		30,662
Proprietary Fund:		
Sewer User Fund	107,000	30,835
	$ 1,238,780	$ 1,238,780

NOTE 8- FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balance are detailed according to balance classification and fund.

	General Fund	W.P.C.F. Upgrades	Other Gov't Funds	Total Gov't Funds
Fund Balances:				
Nonspendable:				
Prepaids	$ -	$ -	$ -	$ -
Loans receivable	-	-	198,945	198,945
Inventories	-	-	6,906	6,906
Principal amount of Permanent Funds	-	-	188,280	188,280
Total Nonspendable	-	-	394,131	394,131
Restricted:				
Encumbrances	-			-
Special Revenue Funds			692,872	692,872
Capital Project Funds			914,785	914,785
Permanent Funds			275,555	275,555
Total Restricted	-	-	1,883,212	1,883,212
Committed:				
Education	430,648			430,648
General Government	98,063			98,063
Public Safety	17,634			17,634
Public Works				-
Health and Social Services	6,711			6,711
Parks and Recreation	7,138			7,138
Planning & Zoning	13,145			13,145
Sundry	3,885			3,885
Total Committed	577,224	-	-	577,224
Assigned:				
Town Hall Improvements	61,396			61,396
Special Compensation	38,896			38,896
Special Revenue Funds			44,786	44,786
Capital Project Funds			162,470	162,470
Total Assigned	100,292	-	207,256	307,548
Unassigned:	2,058,991	(23,984)	(21,609)	2,013,398
Total Fund Balances	$ 2,736,507	$ (23,984)	$ 2,462,990	$ 5,175,513

NOTE 9- PENSION PLAN

DESCRIPTION OF PLAN

The Town maintains a single-employer, noncontributory defined benefit pension plan covering substantially all employees of the Town, Water Pollution Control Authority (WPCA) and the Board of Education, except certified teachers covered under the Connecticut State Teachers Retirement System. In addition, the Town maintains a defined benefit pension plan covering fire and ambulance volunteers is included in the general-purpose financial statements. The authority to establish and amend the benefit provisions of the plans rests with the Board of Selectmen. These plans are considered to be part of the Town's financial reporting entity and are included as a Pension Trust Fund of the Town. Separate, stand-alone financial reports are not available for these plans.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The plan's financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Investments in the plan consist solely of a guaranteed insurance contract.

PLAN MEMBERSHIP

Membership of the plan consisted of the following at January 1, 2011, the date of the latest actuarial valuation:

	Town	WPCA	Board of Education
Terminated plan members entitled to, but not yet Receiving benefits	19	1	41
Retired plan members	9	1	20
Active plan members	51	4	116
Total	79	6	177

NOTE 9- PENSION PLAN *(Continued)*

BENEFIT PROVISIONS

A.	Effective Date	Town of Stafford - January 1, 1968 Stafford Board of Education-July 1, 1968 WPCA — July 1, 1968
B.	Eligibility	Age 18 with 1 year of service
C.	Retirement Dates:	
	1. Normal	Age 65 Age 55 and 30 years of continuous service
	2. Early	Age 55 and 10 years of continuous service
	3. Late	After age 65
D.	Retirement Benefits:	
	1. Normal	For service prior to effective date: 1.3% of earnings as of the effective date multiplied by years of service prior to effective date. For service after the effective date: 2% of earnings on January 1 of each plan year. Any purchased annuities in force with the insurer are payable in addition to the benefits described.
	2. Early	Same as normal and payable at age 65 without reduction, or payable at early retirement date reduced by .4% for each month payments begin before age 65.
	3. Late	Same as in normal but based on service and compensation to age 70.
E.	Termination of Employment	Upon termination of employment after 6 years of continuous employment, a deferred vested benefit is payable at age 65.
F.	Payment of Benefits	Benefits are payable for life with 60 payments guaranteed. Various payment options are available.
G.	Vesting	100% vesting reached upon six years of continuous service.

NOTE 9- **PENSION PLAN *(Continued)***

FUNDING POLICY

No contributions are required of plan members. The Town is required to contribute at actuarially determined rates. The current contribution rates as a percentage of covered payroll are as follows:

Town	17.6%
WPCA	12.9%
Board of Education	13.9%

The Town's contribution requirements are established and may be amended by the Board of Selectman.

It is the policy of the Town to fund normal cost in the subsequent year.

ANNUAL PENSION COST

The following is a summary of the Town's annual pension cost for the plan year ended December 31, 2010, which is equal to the Town's required contributions for fiscal year 2010-2011:

Town	$410,810
Library	23,024
WPCA	37,504
Board of Education	483,105
	$954,443

The required contributions were determined as part of the January 1, 2011 actuarial valuation. The actuarial assumptions used are as follows:

Actuarial cost method: Project Unit Credit

	Town	WPCA	Board of Education
Amortization period	30 years	30 years	30 years
Remaining amortization period	17 years	17 years	18 years
Asset valuation method	Market value	Market value	Market value
Actuarial assumptions (includes inflation rate):			
Investment rate of return	7.75%	7.75%	7.75%
Projected salary increases	4.0%	4.0%	4.0%

NOTE 9- PENSION PLAN *(Continued)*

NET PENSION OBLIGATION

	Town	Library	W.P.C.A.	Board of Education	Total
Annual Required Contribution	$ 410,810	$ 23,024	37,504	$ 483,105	$ 954,443
Interest on Net Pension Obligation	(148)	-	(479)	(1,847)	(2,474)
Adjustment to annual required contribution	188	-	608	2,281	3,077
Annual Pension Cost	410,850	23,024	37,633	483,539	955,046
Contributions Made	410,810	23,024	37,504	483,105	954,443
Increase (Decrease in net pension obligation	40	-	129	434	603
Net Pension Asset, beginning of year	(1,847)	-	(5,993)	(23,084)	(30,924)
Net Pension Asset, end of year	$ (1,807)	$ -	(5,864)	$ (22,650)	$ (30,321)

REQUIRED SUPPLEMENTAL INFORMATION SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]	
Town							
2006	2,117,340	3,575,789	1,458,449	59.2%	1,809,199	80.6%	
2007	2,716,498	4,062,794	1,346,296	66.9%	2,128,808	63.2%	
2008	3,175,331	4,504,741	1,329,410	70.5%	2,130,850	62.4%	
2009	3,263,129	5,002,505	1,739,376	65.2%	2,186,040	79.6%	
2010	3,579,833	5,202,306	1,622,473	68.8%	1,850,677	87.7%	
2011	4,066,398	5,648,842	1,582,444	72.0%	2,033,438	77.8%	
Library							
2010	108,055	156,963	48,908	68.8%	173,162	28.2%	*
2011	138,891	196,981	58,090	70.5%	183,299	31.7%	*
WPCA							
2006	244,733	366,577	121,844	66.8%	220,718	55.2%	
2007	304,291	415,943	111,652	73.2%	226,856	49.2%	
2008	355,393	397,042	41,649	89.5%	182,246	22.9%	
2009	346,728	550,563	203,835	63.0%	191,532	106.4%	
2010	350,838	586,699	235,861	59.8%	238,062	99.1%	
2011	382,361	619,917	237,556	61.7%	282,555	84.1%	
Board of Education							
2006	2,722,469	3,878,990	1,156,521	70.2%	2,480,308	46.6%	
2007	3,336,096	4,454,906	1,118,810	74.9%	2,493,086	44.9%	
2008	3,815,811	4,976,768	1,160,957	76.7%	2,783,410	41.7%	
2009	3,820,711	5,615,095	1,794,384	68.0%	2,753,406	65.2%	
2010	4,270,992	6,080,909	1,809,917	70.2%	3,010,319	60.1%	
2011	4,836,852	6,559,309	1,722,457	73.7%	2,906,025	59.3%	

*Library results shown separately beginning with January 1, 2010. Prior year's results are combined with the Town

NOTE 9- PENSION PLAN *(Continued)*

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed
Town		
2004	248,089	103%
2005	252,108	100%
2006	304,743	89%
2007	315,932	121%
2008	351,699	100%
2009	374,198	100%
2010	379,711	100%
2011	410,850	100%
WPCA		
2004	23,478	101%
2005	22,337	100%
2006	27,280	100%
2007	28,647	99.0%
2008	31,276	99.0%
2009	31,948	99.7%
2010	17,499	99.3%
2011	37,633	99.7%
Board of Education		
2004	274,353	103%
2005	274,819	100%
2006	330,297	100%
2007	345,264	100%
2008	375,177	100%
2009	383,173	99.9%
2010	420,759	99.9%
2011	483,539	99.9%

NOTE 10- CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. Prior to completing five years of service, teachers are fully vested in their contributions up to 5% of their earnings. After five years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on actuarial information for the plan as a whole which does not provide actuarial information on an individual employer basis.

For the year ended June 30, 2011, Town teachers contributed $827,848 to the plan and covered payroll for the period was $11,418,593. The state contributed $1,815,556 to the plan on behalf of the Town and in accordance with Governmental Accounting Standards Board Statement No. 24, such amounts are reflected on Exhibit B as intergovernmental revenues and education expenditures.

NOTE 11– OTHER POST EMPLOYEMENT BENEFITS

The Board of Education, in accordance with various collective bargaining and employment agreements, is committed to provide health benefits to certain eligible retirees and their spouses. Teachers covered under the union contract are eligible to receive post –retirement benefits, that allow them to pay 100% of their premium. The Stafford Board of Education allows non certified staff to pay 100% of their insurance premium of the post retirement costs until the retiree reaches age 65. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other cost trends. The Government Accounting Standards Board (GASB) has issued statements to establish financial reporting, liability calculation, along with the requirement to disclose the government's funding strategy and progress.

The benefits include individual, two person, or family coverage under the Anthem Blue Cross, Blue Shield, Preferred Provider Organization Health Plan (or equivalent), including hospitalization, surgical, prescriptions, dental and major medical. Eligible teachers and non certified staff, who choose to participate, must pay 100% of the premium cost.

Currently, the State Teachers' Retirement Board will subsidize the monthly payments for a member in the amount of $110 per month, or for a member and a spouse, $220 per month. These subsidies are paid to the Town in quarterly installments. In addition, the current contract calls for the retired teachers to pay 100% of their insurance premium.

The Town, in accordance with the Borough collective bargaining and employment agreement, is committed to provide health benefits to one eligible retiree. The benefit includes individual supplemental coverage, to Medicare, under the Anthem Blue Cross and Blue Shield Health Plan.

NOTE 11 – OTHER POST EMPLOYEMENT BENEFITS *(Continued)*

Although the Board of Education and the Town have not established trust funds as of June 30, 2011, to irrevocably segregate assets to fund the liability associated with post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines, a preliminary draft actuarial valuation was prepared to value the estimated accrued liability, and the annual required contribution (ARC) for the subsequent year. The following reflects the assumptions and results of an estimated actuarial report:

The following is the current census of the Town's post employment benefit participants as of July 1, 2010:

	Town	Board of Education
Active Members	1	240
Retirees and Spouses	0	11
Total	1	251

Post employment retiree benefit payments for the year ended June 30, 2011, net of retiree and other contributions, amounted to $ 2,972 for the town and $30,000 for the Board of Education. The WPCA does not offer any post employment benefits.

The Town of Stafford's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or (funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

	Town	Board of Education
Annual required contribution (ARC)	$ 2,270	$ 315,600
Interest on net OPEB obligation	-0-	22,700
Adjustment to annual required contribution	-0-	(29,600)
Annual OPEB Cost	2,270	308,700
Contributions Made	(2,270)	(127,800)
Increase in net OPEB obligation	-0-	180,900
Net OPEB obligation, beginning of year	-0-	503,500
Net OPEB obligation, end of year	$ -0-	$ 684,400

NOTE 11 – OTHER POST EMPLOYEMENT BENEFITS *(Continued)*

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2011 is presented below.

	Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
Board of Education	6/30/2009	304,500	30,000	9.9%	274,500
	6/30/2010	306,200	77,200	25.2%	503,500
	6/30/2011	308,700	127,800	41.4%	684,400
Town	6/30/2009	2,972	2,972	100.0%	-
	6/30/2010	2,162	2,162	100.0%	-
	6/30/2011	2,270	2,270	100.0%	-

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

In the June 30, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

An annual healthcare cost trend rate of 10% is used initially, decreasing 1% per year to an ultimate rate of 5% for 2014 and later. The remaining amortization period at June 30, 2011 was 30 years. As of June 30, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately $3,118,700, and the actuarial value of assets was $0.00, resulting in an unfunded actuarial accrued liability (UAAL) of approximately $3,118,700.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

	Schedule of Funding Progress					
		(a)	(b)	(a/b)	(c)	((a-b)/c)
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UFAL as a % of Covered Payroll
Board of Education	1/1/2009	$ -	$ 3,118,700	0.0%	$ 11,579,000	$ 26.9%
	1/1/2010	-		0.0%		
	1/1/2011	-		0.0%		
Town	7/1/2008	-	25,250	0.0%	-	0.0%

NOTE 11 – OTHER POST EMPLOYEMENT BENEFITS *(Continued)*

	Schedule of Employer Contributions		
	Year Ended	Annual Required Contribution	Percentage Contributed
Board of Education	6/30/2009	$ 304,500	9.9%
	6/30/2010	306,200	25.2%
	6/30/2011	308,700	41.4%
Town	6/30/2009	2,972	100%
	6/30/2010	2,162	100%
	6/30/2011	2,270	100%

Current Town employees do not receive any other post employment benefits.

NOTE 12- FUND DEFICITS AND OPERATING DEFICIENCIES

The following funds had a deficiency of revenues over expenditures for the year ended June 30, 2011 or had a deficit fund balance at year-end.

Fund Type	Operating Deficiency	Deficit Balance
General Fund	-	-
W.P.C.F. Upgrade	1,135,451	23,984
Special Revenue Funds:		
Special Education Grants	20,385	-
School Cafeteria Fund	43,294	-
Town Aid Road	126,412	-
Preservation Mgmt. of Historic Documents	6,291	-
Small Cities Miscellaneous Income Account	2,697	-
Small Cities Grant SC0713401	16,135	-
Stafford Youth Center	783	-
Small Cities Steap Grant	28,449	-
Small Cities Grant SC0813401	6,214	-
Small Cities High St. Phase II	21,609	21,609
Program Income Account	61,974	-
Capital Projects Funds:		
Capital Projects Initiative	27,952	-
East Main St. Sidewalks Phase II	35,419	-
Staffordville Dam Repair	15,436	-
Permanent Funds:		
Orcutt Award Fund	28	-
Hyde Park Fund	11,528	-
H.W. Lord Fund	766	-

NOTE 13- CONTINGENCIES

LEGAL MATTERS

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.

NOTE 14- 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.

Settled claims resulting from these risks have not exceeded commercial insurance coverage for any of the past three years and there have not been any significant insurance coverage reductions from the prior year.

NOTE 15- SUBSEQUENT EVENTS

On August 9, 2011, the Town authorized the issuance of $7,420,000 in a General Obligation Bond Anticipation Note, with an interest rate of 2.00%, and is scheduled to mature on August 7, 2012. The proceeds of the Notes, along with general fund monies will be used to refund a portion of the $8,720,000 General Obligation Bond Anticipation Notes maturing on August 9, 2011.

On August 12, 2011 the Town entered into a lease purchase agreement with First Niagara Leasing, Inc. for $456,630 with an interest rate of 2.378% secured by equipment.

On December 19, 2011 the Town authorized the issuance of $690,000 in a General Obligation Bond Anticipation Note, with an interest rate of 2.00%, and is schedule to mature on August 7, 2012. The proceeds of the Notes will be used to repair the sewer line on route 190.

TOWN OF STAFFORD

GENERAL FUND
STATEMENT OF REVENUES AND OTHER FINANCING SOURCS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
PROPERTY TAXATION				
Revenues from property taxes	$ 22,063,132	$ 22,063,132	$ 21,276,440	$ (786,692)
Auto tax supplement	180,000	180,000	167,149	(12,851)
Prior taxes	320,000	320,000	539,272	219,272
Suspense Collections	- -	- -	3,134	3,134
Interest and lien fees	165,000	165,000	266,852	101,852
Abatement	(70,000)	(70,000)	- -	70,000
Uncollectible taxes	(400,000)	(400,000)	- -	400,000
	22,258,132	22,258,132	22,252,847	(5,285)
USABLE CASH SURPLUS				
Usable cash surplus	50,000	588,370	- -	(588,370)
INTERGOVERNMENTAL - OTHER				
Tax relief for the elderly	100,000	100,000	83,975	(16,025)
Boating safety	2,645	2,645	2,140	(505)
In lieu of taxes, state property	31,116	31,116	31,147	31
Town Aid Highways	199,805	199,805	199,805	0
Disability grant	2,500	2,500	2,908	408
LOCIP	109,870	109,870	109,866	- -
Nontaxpaying hospital	243,893	243,893	248,774	4,881
Motor vehicle fines	10,000	10,000	5,145	(4,855)
Telephone Access Line Tax	33,272	33,272	23,365	(9,907)
Mashantucket Pequot	96,909	96,909	95,586	(1,323)
Addvets Grant	32,571	32,571	33,346	775
Manufacturers, Pilot Grant	595,493	595,493	355,770	(239,723)
Bingo permit fees	50	50	73	23
DMHAS	99,000	99,000	94,650	(4,350)
Miscellaneous State Grants	15,000	15,000	163,028	148,028
School project bond issue - 1990	116,490	116,490	116,490	0
School project bond issue - 1991	231,885	231,885	231,885	0
School project bond issue - 1992 Lot B	84,847	84,847	84,831	(16)
	2,005,346	2,005,346	1,882,784	(122,558)
LOCAL SOURCES				
Licenses, fees and permits	2,000	2,000	5,265	3,265
Town clerk fees	104,000	104,000	157,338	53,338
Zoning, building, and sanitation fees	49,000	49,000	162,563	113,563
Service District administration	3,550	3,550	3,665	115
Miscellaneous	25,000	25,000	336,372	311,372
July 4th Summerfest Revenue	15,000	15,000	15,465	465
Recycling revenues	31,500	31,500	45,311	13,811
Constable fees	115,000	115,000	134,649	19,649
Human Services Consultation	33,000	33,000	31,465	(1,535)
Housing Authority in lieu of taxes	12,000	12,000	12,062	62
Arts Commission Revenue	2,500	2,500	1,537	(963)
Fire marshal revenue	20,000	20,000	12,940	(7,060)
Transfer station fees	258,850	258,850	330,225	71,375
Stafford Library Revenue	10,000	10,000	13,418	3,418
Town Donations Specified	9,000	9,000	10,000	1,000
Parking Violations	200	200	615	415
Probate revenue	3,000	3,000	2,000	(1,000)
Summer Recreation	25,000	25,000	16,600	(8,400)
	718,600	718,600	1,291,490	572,890

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

GENERAL FUND
STATEMENT OF REVENUES AND OTHER FINANCING SOURCS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
INVESTMENT INCOME				
Income on investments	30,000	30,000	30,362	362
	30,000	30,000	30,362	362
INTERGOVERNMENTAL - EDUCATION				
Education cost sharing grant	9,782,577	9,782,577	8,414,440	(1,368,137)
Transportation	474,298	474,298	266,631	(207,667)
Non-public transportation	30,690	30,690	19,235	(11,455)
Health education	22,814	22,814	19,962	(2,852)
Adult education	28,016	28,016	24,837	(3,179)
SDE (DCF)	28,000	28,000	24,673	(3,327)
	10,366,395	10,366,395	8,769,778	(1,596,617)
TUITION				
Tuition received	143,442	143,442	132,408	(11,034)
GRANTS				
DUI Police State Grant	90,000	90,000	73,156	(16,844)
Speed Enforcement Grant	- -	- -	5,166	5,166
	90,000	90,000	78,322	(11,678)
TOTAL REVENUES	35,661,915	36,200,285	34,437,991	(1,762,290)
OTHER FINANCING SOURCES				
BAN Proceeds	- -	- -	8,720,000	8,720,000
Premium on BANS	- -	- -	71,305	71,305
Transfers in	217,825	230,925	7,151,812	6,920,887
TOTAL REVENUES AND OTHER	$ 35,879,740	$ 36,431,210	50,381,108	$ 13,949,902
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut "on-behalf" contributions to Connecticut State Teachers' Retirement System for Town teachers are nor budgeted			1,815,556	
Total revenues and other financing sources as reported on statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit E.....			$ 52,196,664	

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER FINANCING SIURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
GENERAL GOVERNMENT				
Board of Selectmen	$ 633,535	$ 646,349	$ 635,686	$ 10,663
Probate Court	7,000	7,000	5,177	1,823
IT Technology	63,360	63,546	63,455	91
Registrar of Voters	41,000	41,000	34,123	6,877
Town Clerk Elections	5,200	5,200	594	4,606
Board of Finance	47,300	47,300	45,348	1,952
Board of Assessors	261,380	262,697	260,946	1,751
Board of Assessment Appeals	6,295	6,295	5,852	443
Tax Collector	77,510	77,639	72,856	4,783
Treasurer	63,980	70,480	69,971	509
Town Counsel	30,000	32,500	34,670	(2,170)
Town Clerk	78,760	78,897	71,883	7,014
Buildings	108,415	115,215	106,418	8,797
Fuel Oil	92,000	98,000	96,863	1,137
Fixed Charges	1,497,660	1,496,760	1,429,654	67,106
Capital Outlay	60,600	165,600	137,759	27,841
Judgments and Losses	40,000	45,000	44,742	258
Total General Government	3,113,995	3,259,478	3,115,997	143,481
PUBLIC SAFETY				
Safety and Protection	48,200	48,200	45,760	2,440
Fire Marshal	42,330	42,932	39,607	3,325
Fire & Ambulance service	350,505	350,505	350,500	- -
Police Protection	879,745	910,226	860,665	49,561
Total Public Safety	1,320,780	1,351,863	1,296,532	55,326
HEALTH				
Building Inspector	59,600	62,050	58,933	3,117
Sanitary Landfill	577,575	586,278	576,247	10,031
Health Department	49,500	49,500	48,433	1,067
Total Health	686,675	697,828	683,613	14,215
HIGHWAYS AND BRIDGES				
General Highways	1,512,340	1,779,093	1,776,536	2,557
Total Highways and Bridges	1,512,340	1,779,093	1,776,536	2,557
PARKS AND RECREATION				
Recreation Commission	95,785	95,785	94,172	1,613
Community Center	91,375	93,875	89,419	4,456
Parks	264,740	306,478	293,361	13,117
Holidays	33,500	33,500	30,294	3,206
Total Parks and Recreation	485,400	529,638	507,246	22,392

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER FINANCING SIURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
SUNDRY				
Public Library Association	$ 447,670	$ 447,670	$ 446,541	$ 1,129
Arts Commission	19,110	19,110	16,543	2,567
Pollution Abatement Orders	1,000	24,400	23,455	--
Stafford Family Services	252,035	256,495	246,412	10,083
SDE	28,000	33,000	25,773	7,227
DMHAS	99,000	99,000	94,650	4,350
Total Sundry	846,815	879,675	853,374	25,356
PLANING AND ZONING				
Planning and Zoning	61,300	57,300	49,691	7,609
Zoning Board of Appeals	2,500	2,500	1,188	1,312
Economic Development Commission	5,500	20,500	--	20,500
Conservation Commission	3,600	3,600	1,331	2,269
Inland Wetlands Commission	1,100	1,100	585	515
Total Planing and Zoning	74,000	85,000	52,795	32,205
EDUCATION				
Board of Education	24,830,914	24,830,914	23,431,452	1,399,462
DEBT SERVICE	2,762,977	2,765,077	2,270,072	495,005
TOTAL EXPENDITURES	35,633,896	36,178,566	33,987,617	2,189,999
OTHER FINANCING USES				
Retirement of BANS	--	--	15,815,000	(15,815,000)
Transfers out	245,843	252,643	317,148	(64,505)
TOTAL EXPENDITURES AND OTHER	$ 35,879,739	$ 36,431,209	50,119,765	$ (13,689,506)

Budgetary expenditues are different than GAAP expenditures because:

State of Connecticut "on-behalf" payments to Connecticut State Teachers' Retirement System for Town teachers are not budgeted	1,815,556
Encumbrances for purchase and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting puropses	(21,498)
Total expenditures and other financing uses as reported on the statement of revenues, expenditues, and changes in fund balances - governmental funds - Exhibit E	$ 51,913,823

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

GENERAL FUND
STATEMENT OF EXPENDITURES - BOARD OF EDUCATION
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
SALARIES				
Certified personnel	$ 11,700,164	$ 11,700,164	$ 10,069,121	$ 1,631,043
Noncertified personnel	3,243,722	3,243,722	3,138,453	105,269
Total Salaries	14,943,886	14,943,886	13,207,574	1,736,312
EMPLOYEE BENEFITS				
Medical insurance	3,140,630	3,140,630	2,991,004	149,626
Social security	235,000	235,000	244,142	(9,142)
Medicare	186,000	186,000	197,254	(11,254)
Non-Certified Pension	483,105	483,105	483,105	- -
Unemployment compensation	35,000	35,000	75,628	(40,628)
Workers' compensation	82,800	82,800	79,986	2,814
Total Employee Benefits	4,162,535	4,162,535	4,071,119	91,416
PURCHASED SERVICES				
Inservice programs	74,380	72,615	47,836	24,779
Pupil services	242,650	242,650	220,960	21,690
Professional services	48,350	48,350	20,388	27,962
Water and sewer	20,000	20,000	22,116	(2,116)
Fire & Police Services	19,805	19,805	21,322	(1,517)
Rubbish removal	43,000	43,000	42,978	22
Repairs and maintenance	359,923	358,399	635,104	(276,705)
Lease/Rental	112,443	112,443	106,240	6,203
Pupil transportation	2,022,681	2,022,681	2,013,826	8,855
Property insurance	52,777	52,777	48,672	4,105
Liability insurance	16,130	16,130	29,102	(12,972)
Communications	52,006	50,406	60,442	(10,036)
Advertising	4,000	4,000	5,562	(1,562)
Printing and binding	17,202	17,202	14,081	3,121
Tuition	1,063,087	1,063,087	1,070,082	(6,995)
Tuition - Charter school	66,663	66,663	65,717	946
Travel - personnel	18,000	18,000	17,281	719
Transportation - other	26,414	28,536	47,592	(19,056)
Other services	2,300	2,300	- -	2,300
Total Purchased Services	4,261,811	4,259,044	4,489,301	(230,257)
SUPPLES AND MATERIALS				
Computer software	55,333	64,998	56,181	8,817
Supplies - instructional	298,913	295,558	214,175	81,383
Building service supplies	78,000	78,000	84,962	(6,962)
Heat energy supplies	373,984	373,984	568,960	(194,976)
Electricity	329,536	329,536	453,585	(124,049)
Propane gas	7,000	7,000	9,821	(2,821)
Vehicles gasoline	3,000	3,000	4,379	(1,379)
Textbooks	67,613	65,386	44,788	20,598
Library materials	31,990	31,990	29,810	2,180
Capital equipment	174,281	173,438	157,926	15,512
Dues and fees	43,032	42,559	38,871	3,688
Total Supplies and Materials	1,462,682	1,465,449	1,663,458	(198,009)
TOTAL BOARD OF EDUCATION	$ 24,830,914	$ 24,830,914	$ 23,431,452	$ 1,399,462

The accompanying notes are an integral part of this statement

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue								
	Dog Fund	Special Education Grants	School Cafeteria Fund	Town Aid Road Fund	Small Cities Grant	Sewer Assessment Fund	Hometown Leadership Award	Capital Reserve Fund	Prospect Street Phase II
ASSETS									
Cash and cash equivalents	$ 11,564	$ 6,144	$ 44,144	$ 171,426	$ 22,577	$ 59,038	$ 1,204	$ --	$ 4,750
Investments	--	--	--	--	--	--	--	--	--
Receivables:									
Taxes (net)	--	--	--	--	--	--	--	--	--
Special assessments	--	--	--	--	--	111,563	--	--	--
State and Federal Gov't	--	5,633	52,420	--	--	--	--	--	--
Loans	--	--	--	--	--	--	--	--	--
Other	--	--	7,767	--	--	--	--	--	--
Inventories	--	--	6,906	--	--	--	--	--	--
Due from other funds	388	--	--	--	--	50	--	--	--
Total Assets	$ 11,952	$ 11,777	$ 111,237	$ 171,426	$ 22,577	$ 170,651	$ 1,204	$ --	$ 4,750
LIABILITIES									
Accounts payable	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Deferred revenue	--	--	--	--	--	5,208	--	--	--
Due to other funds	--	4,004	--	75,505	22,577	--	1,204	--	--
Total Liabilities	--	4,004	--	75,505	22,577	5,208	1,204	--	--
FUND BALANCE									
Nonspendable	--	--	6,906	--	--	--	--	--	--
Restricted	11,952	7,773	104,331	95,921	--	165,443		--	4,750
Committed	--	--	--	--	--	--	--	--	--
Assigned	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
Total Fund Balance	11,952	7,773	111,237	95,921	--	165,443	--	--	4,750
Total Liabilities and Fund Balance	$ 11,952	$ 11,777	$ 111,237	$ 171,426	$ 22,577	$ 170,651	$ 1,204	$ --	$ 4,750

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue								
	Preservation Management of Historic Doc.	Excess Cost Grant	Stafford Service District	Small Cities Grant 134-SC-94	Small Cities Misc Inc Account	Blight Fund	Zoning Sub-Division	Stafford Youth Center	Steap Grant Prospect St. Improv.
ASSETS									
Cash and cash equivalents	$ 6,418	$ 177,074	$ 264,381	$ --	$ 9,978	$ 601	$ 22,522	$ 5,947	$ 51,103
Investments	--	--	--	--	--	--	--	--	--
Receivables:									
Taxes (net)	--	--	--	--	--	--	--	--	--
Special assessments	--	--	--	--	--	--	--	--	--
State and Federal Gov't	--	--	--	--	--	--	--	--	--
Loans	--	--	--	198,945	--	--	--	--	--
Other	--	--	15,165	--	--	--	--	--	--
Inventories	--	--	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--	--	--
Total Assets	$ 6,418	$ 177,074	$ 279,546	$ 198,945	$ 9,978	$ 601	$ 22,522	$ 5,947	$ 51,103
LIABILITIES									
Accounts payable	$ --	$ --	$ 18,476	$ --	$ --	$ --	$ --	$ --	$ 51,103
Deferred revenue	--	--	14,004	--	--	--	--	--	--
Due to other funds	--	166,809	3,266	--	--		--	485	--
Total Liabilities	--	166,809	35,746	--	--	--	--	485	51,103
FUND BALANCE									
Nonspendable	--	--	--	198,945	--	--	--	--	--
Restricted	6,418	10,265	243,800	--	9,978	--	--	--	--
Committed	--	--	--	--	--	--	--	--	--
Assigned	--	--	--	--	--	601	22,522	5,462	--
Unassigned	--	--	--	--	--	--	--	--	--
Total Fund Balance	6,418	10,265	243,800	198,945	9,978	601	22,522	5,462	--
Total Liabilities and Fund Balance	$ 6,418	$ 177,074	$ 279,546	$ 198,945	$ 9,978	$ 601	$ 22,522	$ 5,947	$ 51,103

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue							
	Small Cities Grant SC0813401	SMC High St. Reconstruction Phase II	Program Income Account	Public Community Grant	Open Space	Animal Shelter Memorial Fund	Community Innovation Grant	Total
ASSETS								
Cash and cash equivalents	$ --	$ 616	$ 35,207	$ 22,634	$ 16,201	$ 388	$ 1,625	$ 935,542
Investments	--	--	--	--	--	--	--	--
Receivables:								
Taxes (net)	--	--	--	--	--	--	--	--
Special assessments	--	--	--	--	--	--	--	111,563
State and Federal Gov't	--	--	--	--	--	--	--	58,053
Loans	--	--	--	--	--	--	--	198,945
Other	--	--	--	--	--	--	--	22,932
Inventories	--	--	--	--	--	--	--	6,906
Due from other funds	--	--	--	--	--	--	--	438
Total Assets	$ --	$ 616	35,207	$ 22,634	$ 16,201	$ 388	$ 1,625	$ 1,334,379
LIABILITIES								
Accounts payable	$ --	$ 13,432	$ --	$ --	$ --	$ --	$ 114	$ 83,125
Deferred revenue	--	--	--	--	--	--	--	19,212
Due to other funds	--	8,793	4,477	22,634	--	388	--	310,142
Total Liabilities	--	22,225	4,477	22,634	--	388	114	412,479
FUND BALANCE								
Nonspendable	--	--	--	--	--	--	--	205,851
Restricted	--	--	30,730	--	--	--	1,511	692,872
Committed	--	--	--	--	--	--	--	--
Assigned	--	--	--	--	16,201	--	--	44,786
Unassigned	--	(21,609)	--	--	--	--	--	(21,609)
Total Fund Balance	--	(21,609)	30,730	--	16,201	--	1,511	921,900
Total Liabilities and Fund Balance	$ --	$ 616	$ 35,207	$ 22,634	$ 16,201	$ 388	$ 1,625	$ 1,334,379

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Capital Project							
	Capital Projects Initiative	East Mainj St. Sidewalks Phase II	High School Renovation	W. Stfd Fire Dept. Renovation	Staffordville Dam Repair	New Elementary Shool	New City Road Bridge	Total
ASSETS								
Cash and cash equivalents	$ 22	$ --	$ 60	$ --	$ 623	$ 100	$ 35,145	$ 35,950
Investments	192,827	--	379,305	--	--	505,865		1,077,997
Receivables:								
Taxes (net)	--	--	--	--	--	--		--
Special assessments	--	--	--	--	--	--		--
State and Federal Gov't	--	--	--	--	--	--		--
Loans	--	--	--	--	--	--		--
Other	--	--	--	--	--	--		--
Inventories	--	--	--	--	--	--		--
Due from other funds	--	--	23,838	--	--	--		23,838
Total Assets	$ 192,849	$ --	$ 403,203	$ --	$ 623	$ 505,965	$ 35,145	$ 1,137,785
LIABILITIES								
Accounts payable	$ --	$ --	$ --	$ --	$ --	$ 6,313	$	$ 6,313
Deferred revenue	--	--	--	--	--	--		--
Due to other funds	30,379	--	--	--	--	23,838		54,217
Total Liabilities	30,379	--	--	--	--	30,151	--	60,530
FUND BALANCE								
Nonspendable	--	--	--	--	--	--	--	--
Restricted	--	--	403,203	--	623	475,814	35,145	914,785
Committed	--	--	--	--	--	--	--	--
Assigned	162,470	--	--	--	--	--	--	162,470
Unassigned	--	--	--	--	--	--	--	--
Total Fund Balance	162,470	--	403,203	--	623	475,814	35,145	1,077,255
Total Liabilities and Fund Balance	$ 192,849	$ --	$ 403,203	$ --	$ 623	$ 505,965	$ 35,145	$ 1,137,785

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Permanent Funds						
	A. H. Colton Fund	Hyde Park Fund	Orcott Award Fund	Cemetary Association	H.W. Lord Fund	Total	Total Nonmajor Gov't Funds
ASSETS							
Cash and cash equivalents	$ 11,444	$ 214,243	$ 2,189	$ 15,965	$ 26,345	$ 270,186	$ 1,241,678
Investments	127,975	--	--	77,352	--	205,327	1,283,324
Receivables:							
Taxes (net)	--	--	--	--	--	--	--
Special assessments	--	--	--	--	--	--	111,563
State and Federal Gov't	--	--	--	--	--	--	58,053
Loans	--	--	--	--	--	--	198,945
Other	--	--	--	--	--	--	22,932
Inventories	--	--	--	--	--	--	6,906
Due from other funds	--	--	--	--	--	--	24,276
Total Assets	$ 139,419	$ 214,243	$ 2,189	$ 93,317	$ 26,345	$ 475,513	$ 2,947,677
LIABILITIES							
Accounts payable	$ --	$ 4,716	$ --	$ --	$ --	$ 4,716	$ 94,154
Deferred revenue	--	--	--	--	--	--	19,212
Due to other funds	6,962	--	--	--	--	6,962	371,321
Total Liabilities	6,962	4,716	--	--	--	11,678	484,687
FUND BALANCE							
Nonspendable	38,368	114,171	2,000	11,241	22,500	188,280	394,131
Restricted	94,089	95,356	189	82,076	3,845	275,555	1,883,212
Committed	--	--	--	--	--	--	--
Assigned	--	--	--	--	--	--	207,256
Unassigned	--	--	--	--	--	--	(21,609)
Total Fund Balance	132,457	209,527	2,189	93,317	26,345	463,835	2,462,990
Total Liabilities and Fund Balance	$ 139,419	$ 214,243	$ 2,189	$ 93,317	$ 26,345	$ 475,513	$ 2,947,677

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,EXPENDITUES AND CHANGES IN FUND BALANCES
FOR THE ENDED YEAR JUNE 30, 2011

	Special Revenue								
	Dog Fund	Special Education Grants	School Cafeteria Fund	Town Aid Road Fund	Small Cities Grant	Sewer Assessment Fund	Hometown Leadership Award	Capital Reserve Fund	Prospect Street Phase II
Revenue:									
Intergovernmental	$ --	$ 2,708,973	$ 312,494	$ 197,047	$ --	$ --	$ --	$ --	$ 448,600
Local sources	27,568	--	289,236	--	--	7,658	--	--	--
Other	--	--	20,197	4,332	--	--	--	--	--
Interest income	29	--	135	749	11	270	4	2	--
Net apprec.(deprec.) on investments	--	--	--	--	--	--	--	--	--
Total Revenue	27,597	2,708,973	622,062	202,128	11	7,928	4	2	448,600
Expenditures:									
General Government	--	--	--	--	--	--	--	--	--
Public safety	21,213	--	--	--	--	--	--	--	--
Public works	--	--	--	328,540	--	--	--	--	448,494
Park and Recreation	--	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--	--
Education	--	2,729,358	665,356	--	--	--	--	--	--
Health	--	--	--	--	--	--	--	--	--
Sundry	--	--	--	--	--	--	--	--	--
Total Expenditures	21,213	2,729,358	665,356	328,540	--	--	--	--	448,494
Excess of revenue over (under) expenditures	6,384	(20,385)	(43,294)	(126,412)	11	7,928	4	2	106
Other Financing Sources (Uses):									
Transfers in	388	--	--	--	--	--	--	--	--
Transfers out	--	--	--	(11,000)	(22,577)	--	(1,204)	(4,609)	--
Total Other Financing Sources (Uses)	388	--	--	(11,000)	(22,577)	--	(1,204)	(4,609)	--
Excess of revenue and other sources over (under) expenditures and other uses	6,772	(20,385)	(43,294)	(137,412)	(22,566)	7,928	(1,200)	(4,607)	106
Fund Balance:									
July 1, 2010	5,180	28,158	154,531	233,333	22,566	157,515	1,200	4,607	4,644
June 30, 2011	$ 11,952	$ 7,773	$ 111,237	$ 95,921	$ --	$ 165,443	$ --	$ --	$ 4,750

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,EXPENDITUES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue								
	Preservation Management of Historic Doc	Excess Cost Grant	Stafford Service District	Small Cities Grant 134-SC-94	Small Cities Misc Inc Account	Blight Fund	Zoning Sub-Division	Stafford Youth Center	Steap Grant Prospect St Improv
Revenue:									
Intergovernmental	$ 3,000	$ 601,809	$ 12,400	$ --	$ --	$ --	$ --	$ --	$
Local sources	3,892	--	346,265	--	--	600	--	3,404	33,600
Other	--	--	--	--	--	--	--	--	--
Interest income	60	386	2,925	--	17	1	64	30	--
Net apprec (deprec) on investments	--	--	--	--	--	--	--	--	--
Total Revenue	6,952	602,195	361,590	--	17	601	64	3,434	33,600
Expenditures:									
General Government	--	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--	--
Public works	--	--	323,574	--	--	--	--	--	62,049
Park and Recreation	--	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--	--
Education	--	435,000	--	--	--	--	--	--	--
Health	--	--	--	--	--	--	--	--	--
Sundry	13,243	--	--	16,135	2,714		--	4,217	--
Total Expenditures	13,243	435,000	323,574	16,135	2,714	--	--	4,217	62,049
Excess of revenue over (under) expenditures	(6,291)	167,195	38,016	(16,135)	(2,697)	601	64	(783)	(28,449)
Other Financing Sources (Uses):									
Transfers in	--	--	--	--	--		--	--	--
Transfers out	--	(166,809)	(35,419)	--	--	--	--	--	(26,925)
Total Other Financing Sources (Uses)	--	(166,809)	(35,419)	--	--	--	--	--	(26,925)
Excess of revenue and other sources over (under) expenditures and other uses	(6,291)	386	2,597	(16,135)	(2,697)	601	64	(783)	(55,374)
Fund Balance:									
July 1, 2010	12,709	9,879	241,203	215,080	12,675	--	22,458	6,245	55,374
June 30, 2011	$ 6,418	$ 10,265	$ 243,800	$ 198,945	$ 9,978	$ 601	$ 22,522	$ 5,462	$ --

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,EXPENDITUES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue							
	Small Cities Grant SC0813401	SMC High St Reconstruction Phase II	Program Income Account	Public Community Grant	Open Space	Animal Shelter Memorial Fund	Community Innovation Grant	Total
Revenue:								
Intergovernmental	$ 27,340	$ 50,500	$ --	$ --	$ --	$ --	$ --	$ 4,362,163
Local sources	--	--	19,925	--	1,500	--	--	733,648
Other	--	--	--	--	--	--	2,525	27,054
Interest income	--	--	47	64	44	1	--	4,839
Net apprec (deprec) on investments	--	--	--	--	--	--	--	--
Total Revenue	27,340	50,500	19,972	64	1,544	1	2,525	5,127,704
Expenditures:								
General Government	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	21,213
Public works	--	--	--	--	--	--	--	1,162,657
Park and Recreation	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--
Education	--	--	--	--	--	--	--	3,829,714
Health	--	--	--	--	--	--	--	--
Sundry	33,554	72,109	81,946	--	--	--	1,014	224,932
Total Expenditures	33,554	72,109	81,946	--	--	--	1,014	5,238,516
Excess of revenue over (under) expenditures	(6,214)	(21,609)	(61,974)	64	1,544	1	1,511	(110,812)
Other Financing Sources (Uses):								
Transfers in	--	--	26,925	--	--	--	--	27,313
Transfers out	--	--	--	(22,634)	--	(388)	--	(291,565)
Total Other Financing Sources (Uses)	--	--	26,925	(22,634)	--	(388)	--	(264,252)
Excess of revenue and other sources over (under) expenditures and other uses	(6,214)	(21,609)	(35,049)	(22,570)	1,544	(387)	1,511	(375,064)
Fund Balance:								
July 1, 2010	6,214	--	65,779	22,570	14,657	387	--	1,296,964
June 30, 2011	$ --	$ (21,609)	$ 30,730	$ --	$ 16,201	$ --	$ 1,511	$ 921,900

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,EXPENDITUES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Capital Project							
	Capital Projects Initiative	East Main St. Sidewalks Phase II	High School Renovation	W. Stfd Fire Dept Renovation	Staffordville Dam Repair	New Elementary School	New City Road Bridge	Total
Revenue:								
Intergovernmental	$ --	$ 227,000	$ 289,388	$ --	$ --	$ 516,833	$ 55,243	$ 1,088,464
Local sources	--	--	--	--	--	--	19,547	19,547
Other	--	--	--	--	--	--	--	--
Interest income	327	--	369	28	64	278	42	1,108
Net apprec (deprec.) on investments	--	--	--	--	--	--	--	--
Total Revenue	327	227,000	289,757	28	64	517,111	74,832	1,109,119
Expenditures:								
General Government	--	--	--	--	--	--	--	--
Public safety	--	262,419	--	--	--	--	--	262,419
Public works	--	--	--	--	--	--	43,827	43,827
Park and Recreation	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--
Education	--	--	78,340	--	--	6,588	--	84,928
Health	--	--	--	--	--	--	--	--
Sundry	28,279	--	--	--	15,500	--	--	43,779
Total Expenditures	28,279	262,419	78,340	--	15,500	6,588	43,827	434,953
Excess of revenue over (under) expenditures	(27,952)	(35,419)	211,417	28	(15,436)	510,523	31,005	674,166
Other Financing Sources (Uses):								
Transfers in	180,843	35,419	71,305	--	--	--	--	287,567
Transfers out	(2,100)	--	--	(45,210)	--	--	--	(47,310)
Total Other Financing Sources (Uses)	178,743	35,419	71,305	(45,210)	--	--	--	240,257
Excess of revenue and other sources over (under) expenditures and other uses	150,791	--	282,722	(45,182)	(15,436)	510,523	31,005	914,423
Fund Balance:								
July 1, 2010	11,679	--	120,481	45,182	16,059	(34,709)	4,140	162,832
June 30, 2011	$ 162,470	$ --	$ 403,203	$ --	$ 623	$ 475,814	$ 35,145	$ 1,077,255

TOWN OF STAFFORD

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Permanent Funds						
	A. H. Colton Fund	Hyde Park Fund	Orcott Award Fund	Cemetery Association	H.W. Lord Fund	Total	Total Nonmajor Gov't Funds
Revenue:							
Intergovernmental	$ --	$ --	$ --	$ --	$ --	$ --	$ 5,450,627
Local sources	1,025	--	--	400	--	1,425	754,620
Other	--	--	--	--	--	--	27,054
Interest income	1,801	1,417	22	1,014	234	4,488	10,435
Net apprec.(deprec.) on investments	27,220	--	--	8,726	--	35,946	35,946
Total Revenue	30,046	1,417	22	10,140	234	41,859	6,278,682
Expenditures:							
General Government	6,962	--	--	--	--	6,962	6,962
Public safety	--	--	--	--	--	--	283,632
Public works	--	--	--	--	--	--	1,206,484
Park and Recreation	--	12,945	--	--	--	12,945	12,945
Debt service	--	--	--	--	--	--	--
Education	--	--	50	--	1,000	1,050	3,915,692
Health	--	--	--	--	--	--	--
Sundry	--	--	--	6,895	--	6,895	275,606
Total Expenditures	6,962	12,945	50	6,895	1,000	27,852	5,701,321
Excess of revenue over (under) expenditures	23,084	(11,528)	(28)	3,245	(766)	14,007	577,361
Other Financing Sources (Uses):							
Transfers in	--	--	--	--	--	--	314,880
Transfers out	--	--	--	--	--	--	(338,875)
Total Other Financing Sources (Uses)	--	--	--	--	--	--	(23,995)
Excess of revenue and other sources over (under) expenditures and other uses	23,084	(11,528)	(28)	3,245	(766)	14,007	553,366
Fund Balance:							
July 1, 2010	109,373	221,055	2,217	90,072	27,111	449,828	1,909,624
June 30, 2011	$ 132,457	$ 209,527	$ 2,189	$ 93,317	$ 26,345	$ 463,835	$ 2,462,990

TOWN OF STAFFORD

FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Pension Trust Funds			Private-Purpose Trust Funds		
	Town	Volunteers	Total	W. H. Heald Trust	Food Bank Fund	Standish Fund
ASSETS						
Cash and cash equivalents	$	$	$	$ 174,798	$ 12,963	$ 6,406
Investments,at fair value:						
Guaranteed insurance contract	8,958,696	76,449	9,035,145			
Securities						
Total Assets	$ 8,958,696	$ 76,449	$ 9,035,145	$ 174,798	$ 12,963	$ 6,406
LIABILITIES						
Due to others	$ --	$ --	$ --	$ --	$ --	$ --
Total Liablilities	--	--	--	--	--	--
NET ASSETS						
Held in trust for pension benefits and other purposes	8,958,696	76,449	9,035,145	174,798	12,963	6,406
Total Net Assets	$ 8,958,696	$ 76,449	$ 9,035,145	$ 174,798	$ 12,963	$ 6,406

TOWN OF STAFFORD

FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Private-Purpose Trust Funds					
	Fuel Bank Fund	Tree and Beautification	Toys for Tots	Soccer Field Project	Holt Memorial Fund	Total
ASSETS						
Cash and cash equivalents	$ 14,281	$ 636	$ 3,680	$ 1,033	$ 8,899	$ 222,696
Investments,at fair value:						
Guaranteed insurance contract						
Securities						
Total Assets	$ 14,281	$ 636	$ 3,680	$ 1,033	$ 8,899	$ 222,696
LIABILITIES						
Due to others	$ --	$ --	$ --	$ --	$ --	$ --
Total Liablilities	--	--	--	--	--	--
NET ASSETS						
Held in trust for pension benefits and other purposes	14,281	636	3,680	1,033	8,899	222,696
Total Net Assets	$ 14,281	$ 636	$ 3,680	$ 1,033	$ 8,899	$ 222,696

TOWN OF STAFFORD

FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Agency Funds					
	Logging Bonds	Driveway Bonds	Subdivision Bonds	Misc. Bonds	School Activity Funds	Total
ASSETS						
Cash and cash equivalents	$ 6,490	$ 31,695	$ --	$ 270	$ 112,458	$ 150,913
Investments,at fair value:						
Guaranteed insurance contract						--
Securities					3,235	3,235
Total Assets	$ 6,490	$ 31,695	$ --	$ 270	$ 115,693	$ 154,148
LIABILITIES						
Due to others	$ --	$ 30,662	$ --	$ --	$ 115,693	$ 146,355
Total Liablilities	--	30,662	--	--	115,693	146,355
NET ASSETS						
Held in trust for pension benefits and other purposes	6,490	1,033	--	270	--	7,793
Total Net Assets	$ 6,490	$ 1,033	$ --	$ 270	$ --	$ 7,793

TOWN OF STAFFORD

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Funds			Private-Purpose Trust Funds		
	Town	Volunteers	Total	W. H. Heald Trust	Food Bank Fund	Standish Fund
ADDITIONS:						
Contributions						
Employer contributions	$ 954,443	$	$ 954,443	$	$	$
Donations				9,805	9,296	
Total Contributions	954,443	--	954,443	9,805	9,296	--
Investment Earnings:						
Interest/dividends/gains/losses	1,543,715	2,392	1,546,107	1,220	64	18
Transfer In						
Total Additions(Reductons)	2,498,158	2,392	2,500,550	11,025	9,360	18
DEDUCTIONS:						
Benefits	427,997	13,910	441,907			
Administrative expense	48,526	250	48,776			
Education				2,000		
Sundry					8,147	
Transfer Out						
Total Deductions	476,523	14,160	490,683	2,000	8,147	--
Change in net assets	2,021,635	(11,768)	2,009,867	9,025	1,213	18
Net Assets - Beginning	6,937,061	88,217	7,025,278	165,773	11,750	6,388
Net Assets - Ending	$ 8,958,696	$ 76,449	$ 9,035,145	$ 174,798	$ 12,963	$ 6,406

TOWN OF STAFFORD

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Private-Purpose Trust Funds					
	Fuel Bank Fund	Tree and Beautification	Toys for Tots	Soccer Field Fund	Holt Memorial Fund	Total
ADDITIONS:						
Contributions						
Employer contributions	$	$	$	$	$	$ --
Donations	15,868		1,980			36,949
Total Contributions	15,868	--	1,980	--	--	36,949
Investment Earnings:						
Interest and dividends	65	2	19	2	25	1,415
Transfer In						--
Total Additions(Reductons)	15,933	2	1,999	2	25	38,364
DEDUCTIONS:						
Benefits						--
Administrative expense						--
Education						2,000
Sundry	12,453		2,375			22,975
Transfer Out						--
Total Deductions	12,453	--	2,375	--	--	24,975
Change in net assets	3,480	2	(376)	2	25	13,389
Net Assets - Beginning	10,801	634	4,056	1,031	8,874	209,307
Net Assets - Ending	$ 14,281	$ 636	$ 3,680	$ 1,033	$ 8,899	$ 222,696

TOWN OF STAFFORD

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS - SCHEDULE BY SOURCE
JUNE 30, 2011

Governmental funds capital assets:		
Land	$	1,683,260
Buildings		84,239,196
Land Improvements		2,830,718
Equipment		3,483,486
Vehicles		3,299,297
Infrastructure		38,547,878
Construction in progress		13,311,228
Total govermental funds capital assets	$	147,395,063

Investments in governmental funds capital assets by source:		
Assets put into service prior to July 1, 2011	$	147,395,063
Total governmental funds capital assets	$	147,395,063

TOWN OF STAFFORD

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS-
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2011

	Land	Land Improvements	Infrastructure	Buildings	Equipment	Vehicles	Construction In Progress	Total
Education	$	$ 1,677,897	$	$ 74,024,481	$ 1,218,469	$ 15,249	$	$ 76,936,096
General Government	1,683,260	393,912		4,554,418	284,273			6,915,863
Public Works		200,135	38,547,878	1,453,984	1,715,874	1,736,510	13,311,228	56,965,609
Parks and Recreation		558,774		491,872	161,035	138,374		1,350,055
Health and Services				2,497,849	16,587	57,680		2,572,116
Planning & Zoning						21,949		21,949
Public Safety				1,216,592	87,248	1,329,535		2,633,375
Totals	$ 1,683,260	$ 2,830,718	$ 38,547,878	$ 84,239,196	$ 3,483,486	$ 3,299,297	$ 13,311,228	$ 147,395,063

TOWN OF STAFFORD

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS-
SCHEDULE OF CHANGES
FOR THE YEAR ENDED JUNE 30, 2011

	Restated Governmental Funds Capital Assets July 1, 2010	Additions	Deletions	Governmental Funds Capital Assets June 30, 2011
Education	$ 77,227,157	$ 233,939	$ 525,000	$ 76,936,096
General Government	6,350,363	565,500		6,915,863
Public Works	49,630,831	7,334,778		56,965,609
Parks and Recreation	1,350,055			1,350,055
Health and Services	2,572,116			2,572,116
Planning & Zoning	21,949			21,949
Public Safety	2,633,375			2,633,375
Total	$ 139,785,846	$ 8,134,217	$ 525,000	$ 147,395,063

SCHEDULE 8

TOWN OF STAFFORD

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED, AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	BALANCE UNCOLLECTED JULY 1, 2010	CURRENT LEVY	LAWFUL NET DEDUCTIONS	TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS			REFUNDS AND ADJUSTMENTS	BALANCE UNCOLLECTED JUNE 30, 2011
						TAXES	INTEREST/ LIEN FEES	TOTAL		
1993	481			481	- -					- -
1994	545				545					545
1995	5,699				5,699					5,699
1996	9,884				9,884					9,884
1997	10,004				10,004					10,004
1998	9,956				9,956					9,956
1999	9,956				9,956					9,956
2000	6,812				6,812					6,812
2001	7,498				7,498					7,498
2002	14,461				14,461	104	138	242		14,357
2003	23,712		(1,290)		22,422	2,513	2,903	5,416		19,909
2004	62,133		(741)	36,132	25,260	4,887	4,939	9,826		20,373
2005	69,343		(672)	3,319	65,352	13,357	9,928	23,285		51,995
2006	109,019		(777)		108,242	37,885	22,915	60,800		70,357
2007	263,485		(4,112)		259,373	132,752	52,583	185,335		126,621
2008	613949		39,847		653,796	382,173	81,690	463,863		271,623
2009		22,107,512	(44,130)		22,063,382	21,424,162	87,060	21,511,222	9	639,229
	$ 1,216,937	$ 22,107,512	$ (11,875)	$ 39,932	$ 23,272,642	$ 21,997,833	$ 262,156	$ 22,259,989	$ 9	$ 1,274,818

SCHEDULE 9

TOWN OF STAFFORD

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED, AND OUTSTANDING
STAFFORD SERVICE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	BALANCE UNCOLLECTED JULY 1, 2010	CURRENT LEVY	LAWFUL CORRECTIONS ADDITIONS	LAWFUL CORRECTIONS DEDUCTIONS	TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS TAXES	COLLECTIONS INTEREST/ LIEN FEES	COLLECTIONS TOTAL	REFUNDS AND ADJUSTMENTS	BALANCE UNCOLLECTED JUNE 30, 2011
1993						--					--
1994						--					--
1995						--					--
1996						--					--
1997						--					--
1998						--					--
1999						--					--
2000						--					--
2001						--					--
2002	52					52					52
2003	225					225	10	36	46		215
2004	1,308				899	409	115	144	259		294
2005	1,210			4	10	1,196	215	226	441		981
2006	1,429					1,429	163	112	275		1,266
2007	2,879			13		2,866	996	561	1,557	(22)	1,848
2008	8,822		2,753			11,575	8,550	2,024	10,574		3,025
2009		339,135		1,299		337,836	329,883	3,460	333,343		7,953
	$ 15,925	$ 339,135	$ 2,753	$ 1,316	$ 909	$ 355,588	$ 339,932	$ 6,563	$ 346,495	$ (22)	$ 15,634

TOWN OF STAFFORD

STATEMENT OF DEBT LIMITATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total tax collections for the current year ended June 30, 2011	
Taxes	$ 21,997,833
Interest and lein fees	262,156
	22,259,989
Reimbursement for Tax relief for the elderly	83,975
Base	$ 22,343,964

	General Purpose	Schools	Sewers	Urban Renewal
Debt Limitation:				
2-1/4 times base	$ 50,273,919			
4-1/2 times base		$ 100,547,838		
3-3/4 times base			$ 83,789,865	
3-1/4 times base				$ 72,617,883
Total Debt Limitation	50,273,919	100,547,838	83,789,865	72,617,883
Indebtedness:				
Bonds payable	2,310,000	5,625,000	6,567,070	--
Notes payable	--	--	96,981	--
Ban payable	--	8,720,000	--	--
Total Indebtedness	2,310,000	14,345,000	6,664,051	--
Debt limitation in excess of indebtedness	$ 47,963,919	$ 86,202,838	$ 77,125,814	$ 72,617,883

Note: In no case shall total indebtedness exceed seven times the base - $156,407,748

TOWN OF STAFFORD

SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT PROGRAMS
SCHEDULE OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2011

	PROSPECT ST. PHASE II RECONSTR. SC 0913401	HIGH STREET RECONSTR. PHASE II SC 1013401	PROJECT HOUSING REHAB. SC 0813401
Total program funds allocated to recipient	$ 500,000	$ 500,000	$ 300,000
Add: Unobligated funds reprogrammed from other years	--	--	--
Total adjusted program resources	500,000	500,000	300,000
Less: Total program funds drawn down by recipient	478,100	50,500	300,000
Funds still available from DHUD - program adjusted resources	21,900	--	--
Total program funds drawn down by recipient	478,100	50,500	300,000
Program income applicable to program year	--	--	--
Total program funds received	478,100	50,500	300,000
Less: Funds applied to program costs	473,350	58,677	300,000
Total program funds held by recipient	4,750	(8,177)	--
Total program funds available for disposition	$ 26,650	$ 441,323	$ --

TOWN OF STAFFORD

SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT PROGRAMS
SCHEDULE OF PROGRAM COSTS
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2011

PROGRAM ACTIVITY AND RELATED PROJECTS	AUTHORIZED COSTS	EXPENDITURES	ENCUMBRANCES	(OVER) UNDER AUTHORIZED COST
PROSPECT ST RECON. PHASE II				
Streets:				
Street Improvements	$ 413,500	$ 410,225	$ --	$ 3,275
Program costs	26,500	18,400	--	8,100
General and administration	60,000	44,725	--	15,275
Total	$ 500,000	$ 473,350	$ --	$ 26,650
HIGH ST. RECONSTR. PHASE II				
Streets:				
Street Improvements	$ 413,500	$ 25,793	$ --	$ 387,707
Program costs	26,500	14,000	--	12,500
General and administration	60,000	18,884	--	41,116
Total	$ 500,000	$ 58,677	$ --	$ 441,323
HOUSING REHABILIATION				
Rehabilitation, preservation, and housing activities:				
Rehabilitation of private residential structures	$ 225,000	$ 225,000	$ --	$ --
Program costs	45,000	45,000	--	--
General and administration	30,000	30,000	--	--
Total	$ 300,000	$ 300,000	$ --	$ --

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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

Board of Finance
Town of Stafford, Connecticut

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, 2011, which collectively comprise the Town of Stafford, Connecticut's basic financial statements, and have issued our report thereon dated January 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Stafford, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Stafford, Connecticut's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stafford, Connecticut's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Finance, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely yours,

O'Connell, Pace, & Company PC

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

Hartford, Connecticut
January 19, 2012

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Finance
Town of Stafford, Connecticut

Compliance

We have audited the Town of Stafford, Connecticut's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Stafford, Connecticut's management. Our responsibility is to express an opinion on the Town of Stafford, Connecticut's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Town of Stafford, Connecticut's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of the Town of Stafford, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Stafford, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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, Connecticut'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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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, 2011 and have issued our report thereon dated January 19, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stafford, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Finance, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely yours,

O'Connell, Pace, & Company PC

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

January 19, 2012

TOWN OF STAFFORD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Pass-through Grantor's Number	Federal CFDA Number	Expenditures
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed through the State of Connecticut Department of Economic and Community Development:			
Community Development Block Grant - Small Cities			
Prospect St. Reconstruction	SC0913401	14.228	$ 448,494
High St. Reconstruction	SC1013401	14.228	72,109
Housing Rehabilitation	SC0813401	14.228	33,554
Total US Department of Housing and Urban Development			554,157
FEDERAL EMERGENCY HOMELAND SECURITY			
Passed through the State of Connecticut Office of Policy and Management:			
Emergency Management Preparedness Grants		97.042	30,949
FEMA Reimbursement DR -1958		97.036	43,793
Total Federal Emergency Homeland Security			74,742
US DEPARTMENT OF EDUCATION:			
Passed through the State of Connecticut Department of Education:			
Title I - Improving Basic Programs	12060-20679-82070-2011	84.010	149,313
Title I - Improving Basic Programs	12060-20679-82070-2010	84.010	7,408
			156,721
Idea - Part B, Section 611	12060-20977-82032-2011	84.027	383,788
Idea -ARRA - Part B, Section 611	12060-29011-82032-2009	84.391	116,053
Idea - Section 619, Preschool	12060-20983-82032-2011	84.173	14,005
Carl D. Perkins Act	12060-20742-84010-2011	84.051	17,515
Carl D. Perkins Act	12060-20742-84010-2010	84.051	9,367
			26,882
Title IV - Safe & Drug Free Schools	12060-20873-84131-2010	84.186	3,505
			3,505
Title II - Part A Teachers	12060-20858-84131-2011	84.367	50,018
Title II - Part A Teachers	12060-20858-84131-2010	84.367	26,731
			76,749
ARRA Stabilization - Educ Grants	12060-29054-82010-2009	84.394	1,399,461
Total US Department of Education			2,177,164
US DEPT OF TRANSPORTATION:			
Passed through the State of Connecticut Department of Transportation:			
Speed Enforcement	12062-20559-35002-2010	20.600	5,166
Comprehensive DUI Enforcement Program	12062-22086-35002-2010	20.601	52,819
Underage Drinking Grant	12062-22091-35002-2010	20.607	15,337
Total US Department of Transportation			73,322
US DEPT OF HEALTH AND HUMAN SERVICE:			
Passed through the EASTCONN:			
Head Start	01CH1507-001	93.600	102,707
Early Head Start	01CH1507-001	93.600	25,706
			128,413
ARRA - Head Start	01CH1507-001	93.708	52,221
Total US Dept of Health and Human Service			180,634
US DEPARTMENT OF AGRICULTURE:			
Passed through the State of Connecticut Department of Education:			
National School Lunch Program	520-400010001	10.555	207,861
School Breakfast Program	503-400010001	10.553	45,364
Summer Food Service Program	N/A	10.559	15,585
USDA Commodities	N/A	10.550	19,209
Total US Department of Agriculture			288,019
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,348,038

TOWN OF STAFFORD, CONNECTICUT
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Various agencies of the Federal Government have made financial assistance available to the Town of Stafford, Connecticut. These grants fund a number of programs including education, housing, transportations, and general government activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the Federal grant programs of the Town of Stafford, Connecticut are maintained in separate funds. The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Stafford, Connecticut, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

NOTE 2 NONCASH AWARDS

The United States Department of Agriculture makes available commodities for donations to schools. An amount of $19,209 is reflected in the accompanying financial schedule and represents the market value of such commodities received during the period.

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' report issued:	unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	__x__ no
Significant deficiency(ies) identified?	_____ yes	__x__ none reported
Noncompliance material to the financial statements noted?	_____ yes	__x__ no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	_____ yes	__x__ no
Significant deficiency(ies) identified?	_____ yes	__x__ none reported
Type of Auditors' report issued on compliance for major programs:	unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a) ?	_____ yes	__x__ no

Identification of major programs:

Name of Federal Program	CFDA Number
Community Development Block Grants/Small Cities Program	14.228
IDEA – Part B, Section 611	84.027
IDEA – ARRA - Part B, Section 611	84.391
ARRA Stabilization – Educ Grants	84.394
ARRA – Head Start	93.708

Dollar threshold used to distinguish between Type A and Type B programs	$300,000	
Auditee qualified as a low-risk auditee?	__x__ yes	_____ no

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

2. FINANCIAL STATEMENT FINDINGS

No matters were reported

3. FEDERAL AWARD FINDINGS AND QUESTION COSTS

No matters were reported

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

CERTIFIED PUBLIC ACCOUNTANTS

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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

Board of Finance
Town of Stafford, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund balance of the Town of Stafford, Connecticut, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Stafford, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Stafford, Connecticut's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stafford, Connecticut's financial statements are free of 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.*

This report is intended solely for the information and use of the Board of Finance, management, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely yours,

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

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

Hartford, Connecticut
January 19, 2012

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Board of Finance
Town of Stafford, Connecticut

Compliance

We have audited the Town of Stafford, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Stafford, Connecticut's major state programs for the year ended June 30, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Stafford, Connecticut's management. Our responsibility is to express an opinion on compliance based on our audit.

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, 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. Our audit does not provide a legal determination on the Town of Stafford, Connecticut's compliance with those requirements.

In our opinion, the Town of Stafford, Connecticut, complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the Town of Stafford, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Stafford, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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, Connecticut'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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

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, 2011, and have issued our report thereon dated January 19, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stafford, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Finance, management of the Town, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely yours,

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

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

January 19, 2012

TOWN OF STAFFORD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
DEPARTMENT OF EDUCATION		
Family Resource	11000-SDE64000-16110	97,000
Child Nutrition State Match	11000-SDE64000-16072	7,541
Healthy Foods Grant	11000-SDE64000-16072	16,436
State School Breakfast	11000-SDE64000-17046	6,331
Adult Education	11000-SDE64000-17030	47,000
Health Services	11000-SDE64000-17034	19,962
After School Program	11000-SDE64000-17084	133,500
Youth Services Bureau	11000-SDE64000-17052	20,773
Youth Services Bureau - Enhancement	11000-SDE64000-16201	5,000
School Readiness	11000-SDE64000-12113	107,000
Pass through the EASTCONN		
Head Start Link	11000-SDE64000-16202	21,375
Total Department of Education		481,918
OFFICE OF POLICY AND MANAGEMENT		
Property Tax Relief for Manufacturing Machinery and Equipment	11000-OPM20600-17031	368,170
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	2,908
Property Tax Relief for Elderly Homeowners	11000-OPM20600-17018	83,975
Local Capital Improvement Program	12050-OPM20600-40254	91,087
Property Tax Relief for Veterans	11000-OPM20600-17024	33,346
Educ. Complex Energy Efficiency Lighting	N/A	59,076
Stafford Police, Youth & Community Prgm	N/A	5,000
Total Office of Policy and Management		579,486
DEPARTMENT OF TRANSPORTATION		
Town Aid Road Grants - Municipal	12052-DOT57000-43455	52,546
Town Aid Road Grants - STO	13033-DOT57000-43459	144,501
New City Road Bridge	N/A	55,243
Total Department of Transportation		252,290
CONNECTICUT STATE LIBRARY		
Other	N/A	2,639
Historic Documents Preservation Grant	12060-CSL66094-35150	3,000
Total Connecticut State Library		5,639
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES		
Grants For Substance Abuse Services	11000-MHA53000-16003	94,650
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
Small Town Economic Assistance Program	12052-ECD46000-42411	260,600
OFFICE OF THE STATE COMPTROLLER		
Boat Grant	12060-OSC15910-35403	2,140
PILOT: State Owned Property	11000-OSC15910-17004	31,147
PILOT: Colleges and Hospitals	11000-OSC15910-17006	248,774
Total Office of the State Comptroller		282,061
JUDICIAL BRANCH		
Other	34001-JUD95162-40001	5,530
OTHER STATE FINANCIAL ASSISTANCE		713
Total State Financial Assistance Before Exempt Programs		1,962,887
	EXEMPT PROGRAMS	
DEPARTMENT OF EDUCATION		
Education Cost Sharing	11000-SDE64000-17041	8,414,440
School Construction-Interest	13010-SDE64000-40896	5,306
School Construction-Principal	13010-SDE64000-40901	292,402
School Construction-Progress	13010-SDE64000-40901	806,221
Excess Cost - Student Base	11000-SDE64000-17047	601,809
Transportation for School Children	11000-SDE64000-17027	285,866
OFFICE OF POLICY AND MANAGEMENT		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	95,596
Total Exempt Programs		10,501,640
TOTAL STATE FINANCIAL ASSISTANCE		$ 12,464,527

TOWN OF STAFFORD, CONNECTICUT
STATE FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Stafford, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, transportation, and general government activities.

NOTE 1 - 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 government agencies. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in the Town of Stafford's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.

- Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), 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, 2011

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' report issued:	unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	_x_ no
Significant deficiency(ies) identified?	____ yes	_x_ none reported
Noncompliance material to the financial statements noted	____ yes	_x_ no

State Financial Assistance

Internal control over major federal programs:		
Material weakness(es) identified?	____ yes	_x_ no
Significant deficiency(ies) identified?	____ yes	_x_ none reported
Type of Auditors' report issued on compliance for major programs:	unqualified	
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	_x_ no

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

State Grantor and Program	State Grant Program Identification Number	Expenditures
Office of Policy & Management:		
Property Tax Relief for Mfg. M&E	11000-OPM20600-17031	$368,170
Department of Education:		
After School Program	11000-SDE46000-17084	$133,500
Office of the State Comptroller:		
PILOT: Colleges and Hospitals	11000-OSC15910-17006	$248,774
Department of Economical and Community Development:		
Small Town Economic Assistance Program	12052-ECD46000-42411	$160,600

- Dollar threshold used to distinguish between type A and type B programs $200,000

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

2. FINANCIAL STATEMENT FINDINGS

- No matters were reported

3. FSTATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No matters were reported