

# Town of Waterford, Connecticut



## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



# **Town of Waterford, Connecticut**

## Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2015

Finance Department



## Contents

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### I. Introductory Section - Unaudited

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Letter of Transmittal	i-iii
Principal Town Officials	iv
Organization Chart of the Town Government	v

---

### II. Financial Section

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Independent Auditor's Report	1-3
Management's Discussion and Analysis - unaudited	5-13

### Basic Financial Statements

#### Exhibit

#### Government-Wide Financial Statements:

I.	Statement of net position	15
II.	Statement of activities	16

#### Fund Financial Statements:

III.	Balance sheet - governmental funds	17-18
IV.	Statement of revenues, expenditures and changes in fund balances (deficits) - governmental funds	19-20
V.	Statement of net position - proprietary funds	21
VI.	Statement of revenues, expenses and changes in net position - proprietary funds	22
VII.	Statement of cash flows - proprietary funds	23
VIII.	Statement of fiduciary net position - fiduciary funds	24
IX.	Statement of changes in fiduciary net position - pension trust fund	25
	Notes to the financial statements	26-64

### Required Supplementary Information - Unaudited

RSI-1	Schedule of investment returns – defined benefit plan	65
RSI-2	Schedule of employer contributions – pension trust fund	66
RSI-3	Schedule of changes in the Town's net pension liability and related ratios	67
RSI-4	Schedule of the Town's proportionate share of the net pension liability - MERS	68
RSI-5	Schedule of the Town's proportionate share of the net pension liability – teachers' retirement system	69
RSI-6	Schedule of funding progress and employer contributions – OPEB fund	70
RSI-7	General fund revenues and other financing sources – budgetary basis – budget and actual	71-73
RSI-8	General fund expenditures and other financing uses – budgetary basis – budget and actual	74-79
RSI-9	Note to required supplementary information - unaudited	80-81

## Contents

### Combining and Individual Fund Financial Statements and Other Schedules

#### General Fund

Balance sheet	83
Board of Education schedule of expenditures and encumbrances compared with appropriations	84
Report of tax collector	85
Schedule of water main assessments receivable	86
Schedule of sewer assessments receivable	87

#### Nonmajor Governmental Funds

Combining balance sheet	90-97
Combining statement of revenues, expenditures and changes in fund balances (deficits)	98-105

#### Fiduciary Funds

Combining statement of changes in assets and liabilities - agency funds	107
---	-----

#### Capital Assets Used In The Operation of Governmental Funds

Schedule by category and source	109
Schedule by function and activity	110
Schedule of changes by function and activity - gross	111

---

### III. Statistical Section - Unaudited

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Net position by component	113
Changes in net position	114-115
Fund balances - governmental funds	116
Changes in fund balances - governmental funds	117
Assessed value and estimated actual value of taxable property	118
Principal property taxpayers	119
Property tax levies and collections	120
Ratio of outstanding debt by type	121
Schedule of debt limitation	122
Legal debt margin information	123
Demographic and economic statistics	124
Principal employers	125
Full-time equivalent government employees by function/program	126
Operating indicators by function/program	127
Capital asset statistics by function/program	128

## **Introductory Section**





December 29, 2015

To the Honorable First Selectman, Representative Town Meeting and the Citizens of the Town of Waterford:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

RSM US LLP, Certified Public Accountants, have issued an unmodified opinion on the Town of Waterford financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The Town of Waterford separated from the City of New London, the neighboring urban seaport, a century and a half after European settlers arrived. Waterford was incorporated in 1801. Covering an area of 33.2 square miles, the Town is located in the southeastern region of the state. Waterford is bordered by the Towns of East Lyme to the west, New London, Groton and Ledyard to the east, and Montville to the north. It borders Long Island Sound to the south.

The Town has a Selectmen/Board of Finance/Representative Town Meeting form of government. The Representative Town Meeting exercises the legislative authority of the Town. The Board of Selectmen is composed of three members who are elected at large for four-year terms. The Representative Town Meeting is elected for two-year terms. The First Selectman is the head of the administrative branch of the Town Government and is responsible to the Representative Town Meeting for the administration of all affairs relating to the Town.

The Town of Waterford provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; municipal solid waste and recycling collection; recreational and cultural activities. Municipal water and sewer services, the Town's one business-type activity, are provided through the Town's Utility Commission.

By Charter, the Representative Town Meeting must hold its Town Budget Meeting no later than the first Monday in May each year. If, within fifteen days of the budget adoption no referendum is called, the budget is considered approved. The annual budget serves as the foundation for Town of Waterford financial planning and control. The budget is prepared by Department/Agency at an object level. With the exception of the Police, Recreation and Parks, Senior Services, Utility and Planning and Zoning Commissions, Board of Finance, Board of Education, Board of Assessment Appeals, Zoning Board of Appeals, Building Board of Appeals, Economic Development Commission, Flood & Erosion Control Board, Conservation Commission, Retirement Commission, Harbor Management Commission and Ethics Commission, all other Town Boards, Commissions or agencies report to the Board of Selectmen. The Board of Selectmen, however, reviews and recommends to the Board of Finance the level of appropriation for all municipal budgets with the exception of the Board of Education. All cognizant agencies have the authority to transfer within series any of the budgeted appropriations under their control. Transfers out of series, however, require special approval from the Board of Finance.

### **Local Economy**

Waterford is unique in that its major taxpayer is a nuclear power facility. However, numerous, large retail sales outlets, a production/software development company, several assisted care facilities and numerous financial institutions provide a good mix to tax base diversification.

Because of its diversified tax base and location with immediate access to Routes 1, 95, 395 and 85, all major Connecticut arteries, Waterford's unemployment rate remains below the state average. Coming off of a fourteen-year high in 2011 of 8.6%, down this year to 4.7%, it is below the State's average of 5.4%, and below the National average of 5.3%. Due to deregulation of Dominion Nuclear of Connecticut, a nuclear power facility, the October 1, 2000 Grand List was adjusted mid-year to reflect the valuation change, the result of which amounted to a forty (40%) percent reduction in Grand List value. The tax revenue loss associated with the deregulated value of the facility has been mitigated by a utility systems benefit subsidy which incrementally declined by ten (10%) percent annually. This began in 2003. In FY2011 the Town was at a ten (10%) percent reimbursement subsidy and carried a mill rate of 18.04 in FY2012 the subsidy ended. The Town has successfully absorbed the tax revenue loss due to deregulation. In FY15 the Town's mill rate was 24.80 mills, which was consistent with, and for the most part, below other Town's in the Norwich-New London labor market area.

After five years of litigation, at fiscal year-end 2008, the tax appeal of Dominion Nuclear Connecticut, Inc. was settled resulting in a replenishment of fund balance in the amount of \$9,250,000 to bring it to the \$19.4 million level in that year, slightly higher than the \$19 million at the fiscal year end 2003 prior to the valuation appeal. In FY09, the Representative Town Meeting took an action to transfer \$12 million of fund balance to capital to be used to reduce the bonding requirements on the school's aggressive capital program. Despite the economic downturn, fund balances had been sustained at a much higher level than the area average to allow us to apply them towards maintaining our capital assets over the ten-year period when mill rate increases were required to offset the revenue loss associated with the Dominion deregulation. This long-range approach to budgeting has resulted in the ability to absorb a \$21.8 million dollar revenue loss over a ten-year period at a mill rate level equal to or below that of our neighboring southeastern Connecticut municipalities.

### **Long Term Financial Planning**

In 1998 the Representative Town Meeting formed its Long Range Fiscal Planning Committee. The RTM at the recommendation of this committee commissioned the Government Consulting Group to develop a report and make recommendations on containing tax increases in light of the reduced revenue base affected by utility deregulation. The RTM Committee was disbanded after the Representative Town Meeting accepted the Government Consulting Groups report. In FY01 the Board of Finance appointed an Ad Hoc Long-Range Budget Planning Committee to analyze the impact of the annual tax revenue loss due to the Dominion deregulation and to provide guidance in developing budgets that would sustain a consistent level of service with a declining revenue base over the ten-year period. This proactive

approach to long-range operational budget planning, combined with multi-year capital planning, has become an effective budgetary management tool. Despite the fact that the Town has successfully absorbed the impact to its tax base due to deregulation, the Long-Range Budget Planning Committee remains active.

The Town implemented a Fleet Management Program that served as the basis for sizing the fleet and provided a long-range approach to managing and budgeting a fleet valued in excess of \$13 million. This program allowed the Town to undertake a needs assessment of its rolling stock, and based upon established life-cycle parameters, provided a forty-year replacement plan that uses a combination of residual values, investment income, vehicle rental revenues and an equalized level of budget over a sustained period of time to fund all rolling stock replacements. Over the period of FY10 and into FY11, the Board of Finance commissioned a fleet sizing and utilization study, the results of which slightly downsized the fleet due to under-utilization of rolling stock and offered in-sight into areas of fleet maintenance, fueling distribution points, and vehicle safety and performance checks that is expected to result in significant cost savings into the future.

### **Major Initiatives**

In FY11, the Town saw the substantial completion of construction on the Oswegatchie Elementary School project that began in FY07. The project consisted of a full demolition of the existing structure and construction of a new 71,100 sq. ft. facility. This project estimated to cost \$27,755,268 was completed at a cost of \$26,450,857 or \$1,304,411 under-budget. The Town issued a \$14 million bond in August of 2011. Additional bonding of \$720,425 took place in March of 2014. The balance of the funding will come from grants and municipal appropriations of capital reserves designated for this purpose.

In June of 2007, the Representative Town Meeting approved an appropriation of \$28,890,015 to demolish and build a new Great Neck Elementary School. Construction began in January of 2009. The project was substantially completed in early fiscal year 2011 at a cost of \$25,994,798 or \$2,895,217 under budget. In March of 2012 the Town bonded \$15,640,000 on this project. Additional bonding of \$658,030 took place in March of 2014. The balance of the funding will come from grants and municipal appropriations of capital reserves designated for this purpose. The conclusion of this project officially completes the Town's conversion from five to three elementary schools.

In June of 2009, The Representative Town Meeting approved an appropriation of \$67,890,787 for the design and construction of a renovated/expanded Waterford High School that will result in a 235,700 sq. ft. building and secondary access road to the facility. The project has been funded through grants, municipal appropriations and bonding. In March of 2013 the Town bonded \$33,750,000 for this project. Another bond issue of \$15,930,000 took place in March of 2014 to wrap up funding for all of the school projects. Of this funding \$13,700,000 was specifically for the Waterford High School. The balance of the funding will come from grants and/or municipal appropriations of capital reserves.

In FY04 the Town consolidated the Information Technology functions of both General Government and the Board of Education by entering into a joint venture for Information Technology oversight and management. This effort was made to reduce redundancies between the educational and governmental administrative functions and to provide broader coverage to both entities without increasing costs. Through its Information Technology Committee, a long-range strategic plan is in place to sustain these valuable assets and annually equalize the level of budget required to fund them. Similarly, In FY10, the Human Resources function of the Board of Education was consolidated with the Town's and placed under the direction of a single Human Resources Director. This move continues the Town's desire to eliminate redundancies between the departments.

The Town implemented single-stream recycling in March of 2011. After three full years of operation, the program has provided an increase to the revenue stream from sale of recyclables and a decrease to the volume of solid waste handling. The automated process has helped mitigate workers compensation claims associated with repetitive motion and lifting.

### Acknowledgements

Although the preparation of the comprehensive annual financial report is primarily the responsibility of the Director of Finance, it could not have been accomplished without the support of numerous town staff. Special recognition goes to the Finance department staff; without their dedication, oversight and hard work the Town could never have achieved this prestigious award. I appreciate the unflagging support of First Selectman Daniel Steward, Superintendent of Schools Thomas W. Giard III and his staff as well as the entire Board of Selectmen, Board of Finance and the Representative Town Meeting who continually show their commitment to fiscal integrity and financial leadership.

Respectfully submitted,

A handwritten signature in cursive script that reads "Maryanna Stevens". The signature is written in black ink and is positioned to the left of the typed name.

Maryanna Stevens, CPA  
Director of Finance

**Town of Waterford, Connecticut**

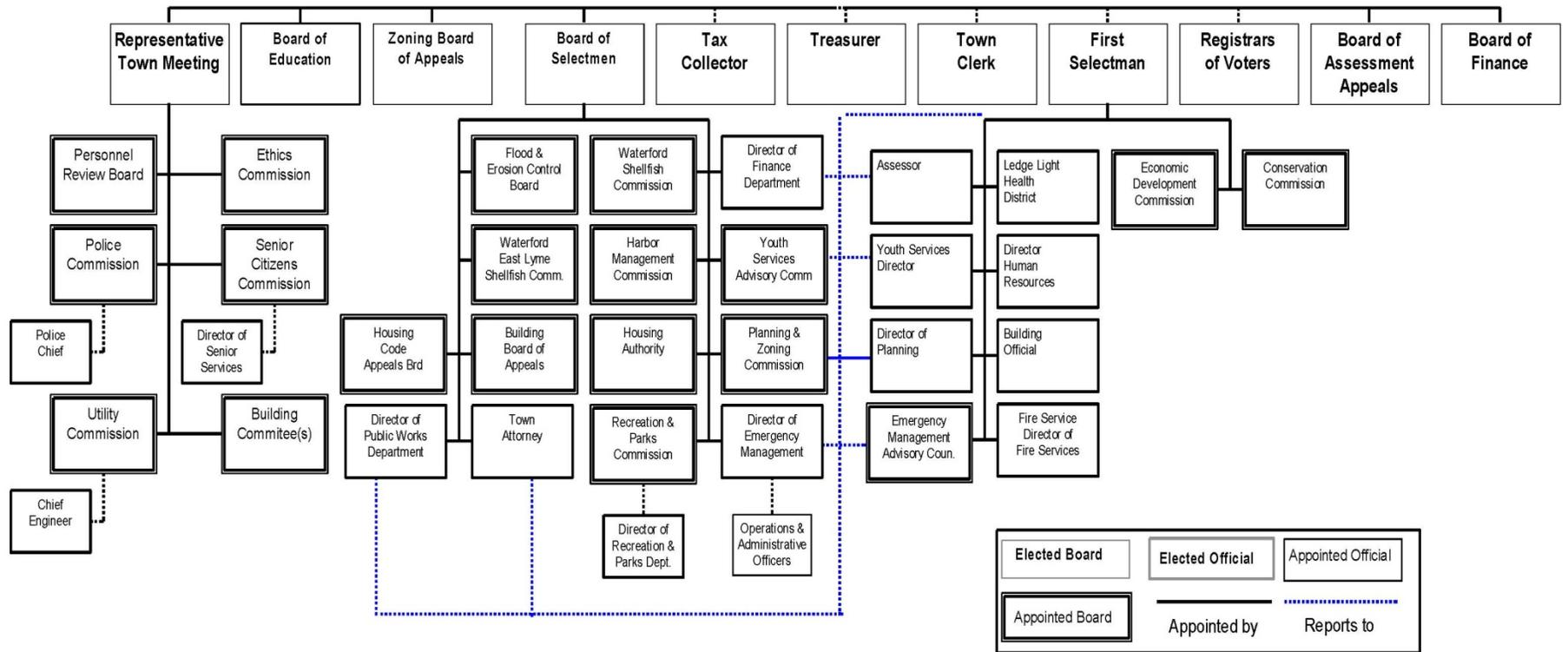
**Principal Town Officials  
As of June 30, 2015**

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Daniel M. Steward  
Jerome R. Belair  
Maryanna Stevens  
Bernard Pisacich  
Vacant  
Kristin Zawacki  
Brett Mahoney  
Neftali Soto  
Alan Wilensky  
Michael Bekech  
Brian Flaherty  
Sally Ritchie  
Robert Nye  
Daniela Gorman  
Frank Hoagland  
Roslyn Rubenstein  
Bruce A. Miller  
Joyce Sauchuk

First Selectman  
Superintendent of Schools  
Director of Finance  
Treasurer  
Planning Director  
Director of Public Works  
Interim Chief of Police  
Chief Engineer, Utilities Commission  
Tax Collector  
Assessor  
Recreation & Parks Director  
Director of Senior Services  
Town Clerk  
Director of Youth Services  
Building Official  
Library Director  
Director of Fire Services  
Director of Human Resources

# ORGANIZATIONAL CHART TOWN OF WATERFORD GENERAL GOVERNMENT



**Financial Section**





## Independent Auditor's Report

To the Board of Finance  
Town of Waterford, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of Waterford, Connecticut (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter—Adoption of Standards**

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements and as disclosed in Note 16, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*, which resulted in the Town restating net position for recognition of the Town's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–13, the schedule of investment returns on page 65, the schedule of employer contributions on page 66, the schedule of changes in the Town's Net Pension Liability on page 67, the schedules of the Town's proportionate share of net pension liability on pages 68-69, the schedule of funding progress and employer contributions – OPEB Fund on page 70, and the budgetary comparison information on pages 71-79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut  
December 29, 2015

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## Town of Waterford, Connecticut

### Management's Discussion and Analysis - Unaudited June 30, 2015

This discussion and analysis of the Town of Waterford, Connecticut (the Town) financial performance is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2015.

#### Financial Highlights

- As of July 1, 2014, the Town was required to implement GASB Statement No. 68 related to pensions. This Statement required that the unrestricted net position of the government-wide financial statements as of July 1, 2014 be restated and decreased in the amount of \$10,568,934. The decrease did not result from a change in benefits offered to employees, only the presentation of the liability on the balance sheet of the government-wide financial statements.
- The Town's net position increased as a result of this year's operations. While net position of our business-type activities decreased by \$434 thousand, or 0.75 %, net position of our governmental activities increased by \$1.0 million or .5%.
- During the year, the Town had expenses that were \$1.0 million less than the \$98.1 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased by \$397 thousand 9.14%, while expenses decreased by \$488 thousand or 8.62 %.
- Total cost of all of the Town's programs was \$102.3 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$10.6 million.
- The resources available for appropriation were \$2.5 million less than anticipated for the General Fund. There were no additional appropriations made during the year. Unused appropriations of \$252.1 thousand were returned to Fund Balance.

#### Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

#### Government-Wide Financial Statements

Our analysis of the Town as a whole begins on Exhibits I and II. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in it. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, recreation, library, social services and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Utility Commission Enterprise Fund is reported here.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (i.e. grants received for education from the State and Federal Government). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other 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 Insurance Administration Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from \$226.4, as restated, to \$227.0 million or .2%. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Town of Waterford, Connecticut

(TABLE 1)

**Summary of Statement of Net Position  
June 30, 2015 and 2014  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 32,833	\$ 34,007	\$ 3,223	\$ 2,683	\$ 36,056	\$ 36,690
Capital assets, net of accumulated depreciation	266,755	268,780	54,835	55,840	321,590	324,620
<b>Total assets</b>	<b>299,588</b>	<b>302,787</b>	<b>58,058</b>	<b>58,523</b>	<b>357,646</b>	<b>361,310</b>
Deferred pension expense	2,542	-	-	-	2,542	-
Deferred amounts on refunding	504	-	-	-	504	-
<b>Deferred outflows of resources</b>	<b>3,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,046</b>	<b>-</b>
Long-term liabilities outstanding	123,607	115,821	349	341	123,956	116,162
Other liabilities	6,849	7,349	109	148	6,958	7,497
<b>Total liabilities</b>	<b>130,456</b>	<b>123,170</b>	<b>458</b>	<b>489</b>	<b>130,914</b>	<b>123,659</b>
Deferred pension credit	2,774	-	-	-	2,774	-
Advanced Property Tax Collections	-	649	-	-	-	649
<b>Deferred inflows of resources</b>	<b>2,774</b>	<b>649</b>	<b>-</b>	<b>-</b>	<b>2,774</b>	<b>-</b>
Net position:						
Net investment in capital assets	174,913	173,491	54,835	55,840	229,748	229,331
Restricted	216	178	-	-	216	178
Unrestricted	(5,725)	5,299	2,765	2,194	(2,960)	7,493
<b>Total net position</b>	<b>\$ 169,404</b>	<b>\$ 178,968</b>	<b>\$ 57,600</b>	<b>\$ 58,034</b>	<b>\$ 227,004</b>	<b>\$ 237,002</b>

Net position of the Town's governmental activities increased by .5% (\$169.4 million in 2015 compared to \$168.4 million, as restated, in 2014). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$5.3 million at June 30, 2014 to (\$5.8) million at the end of this year mainly due to the implementation of GASB 68.

By far the largest portion of the Town's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). Since the Town's investment in its capital assets, net of accumulated depreciation, must also be reported net of related debt, it should be noted that the Town's outstanding debt is related to bonds payable as of June 30, 2015.

The net position of our business-type activities decreased by 0.75 % (\$57.6 million in 2015 compared to \$58.0 million in 2014).

The Town's total revenues were \$102.9 million. The total cost of all programs and services was \$102.3 million. Our analysis below separately considers the operations of governmental and business-type activities.

Town of Waterford, Connecticut

(TABLE 2)

**Summary Statement of Activities  
For the Years Ended June 30, 2015 and 2014  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 3,039	\$ 3,524	\$ 3,797	\$ 3,914	\$ 6,836	\$ 7,438
Operating grants and contributions	8,874	9,940	2	8	8,876	9,948
Capital grants and contributions	6,163	1,584	945	423	7,108	2,007
General Revenues:						
Property taxes	79,071	76,529	-	-	79,071	76,529
Grants and contributions not restricted to specific programs	830	779	-	-	830	779
Unrestricted investment earnings	158	137	-	-	158	137
Miscellaneous revenue	7	120	-	-	7	120
<b>Total revenues</b>	<b>98,142</b>	<b>92,613</b>	<b>4,744</b>	<b>4,345</b>	<b>102,886</b>	<b>96,958</b>
<b>Expenses</b>						
General government	13,676	12,699	-	-	13,676	12,699
Public safety	10,640	10,167	-	-	10,640	10,167
Public works	7,384	7,292	-	-	7,384	7,292
Recreation	1,822	1,741	-	-	1,822	1,741
Library	1,383	1,470	-	-	1,383	1,470
Social services	3,254	3,282	-	-	3,254	3,282
Education	55,882	56,594	-	-	55,882	56,594
Interest and fiscal charges	3,096	2,809	-	-	3,096	2,809
Utility Commission	-	-	5,178	5,666	5,178	5,666
<b>Total expenses</b>	<b>97,137</b>	<b>96,054</b>	<b>5,178</b>	<b>5,666</b>	<b>102,315</b>	<b>101,720</b>
<b>Excess (deficiency) of revenues over expenses before transfers</b>						
	<b>1,005</b>	<b>(3,441)</b>	<b>(434)</b>	<b>(1,321)</b>	<b>571</b>	<b>(4,762)</b>
Net Position, Beginning, as restated	168,399	182,409	58,034	59,353	226,433	241,762
Net Position, Ending	<b>\$ 169,404</b>	<b>\$ 178,968</b>	<b>\$ 57,600</b>	<b>\$ 58,032</b>	<b>\$ 227,004</b>	<b>\$ 237,000</b>

\* Amount restated for GASB No. 68.

**Governmental Activities**

Approximately 80.5% of these revenues were derived from property taxes, followed by 16.2% from operating and capital grants and contributions, 3.1% from charges for services and .2% from investment and other general revenues.

Major factors affecting operations include:

- The Waterford High school construction grant revenue decreased by \$1.0 million
- General government capital grants are up by \$954.2 thousand for the Cohanzie Brownfield Grant.
- Public works program revenues decreased overall by \$439.5 thousand. The SCRRRA rebate decreased by \$295.1 thousand, sewer connection fees decreased by \$109.3 thousand and scrap metal revenue decreased by \$24.7 thousand.

- Public works capital grants are up by \$428.3 thousand due mainly to the Willets Avenue Grant of \$345.3 and capital cost sharing from New London for the Pennisular Road Water Main of \$104.6 thousand.
- Recreation capital grants are up by \$4.3 million due to the transfer of ownership upon completion of the new cottages at Eugene O'Neill valued at \$4.3 million.
- Property Tax revenues were up by \$2.5 million due to an increase in the mill rate of 3.1 percent.
- Other Revenue was down by \$112.2 thousand compared to fiscal year 2014. Decreases include premiums received for bonds not being amortized for \$65.8 thousand, insurance settlements for \$82.1 thousand and a decrease in the annual maintenance contribution for the Hammond Memorial Fund for \$5 thousand. Revenues from the sales of vehicles and equipment were up by \$40.8 thousand.

Table 3 presents the cost of each of the Town's five largest programs - education, general government, public safety, public works and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden to the Town's taxpayers by each of these functions.

**Town of Waterford, Connecticut**

**(TABLE 3)**

**Governmental Activities  
For the Years Ended June 30, 2015 and 2014  
(In Thousands)**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Education	\$ 55,882	\$ 56,594	\$ 47,055	\$ 45,619
General Government	13,676	12,699	11,541	11,464
Public Safety	10,640	10,167	10,077	9,437
Public Works	7,384	7,292	5,936	5,820
Recreation	1,822	1,741	(2,711)	1,536
All others	7,733	7,560	7,163	7,129
<b>Total</b>	<b>\$ 97,137</b>	<b>\$ 96,053</b>	<b>\$ 79,061</b>	<b>\$ 81,005</b>

**Business-Type Activities**

Net position of the Town's business-type activities (see Table 2) decreased by .75% (\$57.6 million in 2015 compared to \$ 58.0 million in 2014). Revenues and transfers in for the Town's business-type activities (see Table 2) increased by \$397 thousand (\$4.7 million in 2015 compared to \$4.3 million in 2014). The factors driving these results include:

- An increase in capital contributions of \$522 thousand or 123.4% over fiscal year 2014 due mostly to the completion of the Bolles Court Pump Station Project which had been funded primarily through the Capital and Nonrecurring Fund.
- Revenues for sewer user fees decreased by \$117 thousand or 3.0%.

**Town Funds Financial Analysis**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$20.4 million, which is decrease of \$1.3 million from last year's total of \$21.7 million. Included in this year's total change in fund balance is a decrease of \$2.4 million in the General Fund, an increase of \$1.3 million in the Capital and NonRecurring Fund, a decrease of \$151

thousand in the Waterford High School Building Project Fund and a decrease of \$169 thousand Other Governmental Funds.

#### Capital Projects Funds:

- The Capital and Nonrecurring Fund balance increased by \$1.3 million due to the following:
  - Expenditures of \$3.1 million were offset by revenues and transfers in of \$4.4 million.
- The Waterford High School Building Project Fund Balance decreased by \$151 thousand due to the following:
  - Ongoing construction costs of \$563 thousand were offset by revenues from school construction grants of \$412 thousand

#### Non-Major Capital Projects Funds:

- The Fleet Management Fund balance increased by \$175.5 thousand due to the following:
  - Expenditures for the replacement of equipment and vehicles were \$1.2 million.
  - Transfers in were \$1.3 million.
  - Insurance reimbursements were \$7.4 thousand
  - Sale of vehicles and equipment was \$62.7 thousand
  - Other operating revenues were \$35.0 thousand
  - Investment income of \$5.3 thousand
- Sewer Maintenance and Development Fund balance decreased by \$ 536.4 thousand due to the following:
  - Operating revenues of \$28.0 thousand
  - Investment Income of \$1.2 thousand
  - Capital Outlay expenditures of \$565.5 thousand

#### Special Revenue Funds:

- The Water Fund had an increase in fund balance of \$106.5 thousand for fiscal year 2015 due to the following:
  - Revenues from Capital cost Sharing of \$97.9 thousand
  - Revenues from Tower Leases of \$57.5 thousand
  - Expenditures for water system projects of \$48.9 thousand
- The Small Cities Grant Fund increased by \$125.2 thousand due to grant revenue of \$225.1 thousand and expenditures of \$99.9 thousand.
- The Mago Point Grant Fund decreased by \$62.0 thousand for expenditures of the same amount.

#### **Proprietary Funds**

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

Overall, proprietary funds net assets total \$61.2 million at the end of the year, which includes a \$3.6 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$57.6 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2015, net position of the Internal Service fund increased by \$1.0 million from fiscal year 2014. This is due to \$11.9 million in contributions and other revenues (a decrease of \$0.9 million over fiscal year

2014), offset by expenses for claims and program administration of \$10.9 million (an increase of \$70.7 thousand over fiscal year 2014).

### **General Fund Budgetary Highlights**

Revenues were lower than budgetary estimates by \$2.5 million and expenditures were less than original budgetary estimates by \$252.1 thousand. Overall revenues under expenditures on a budgetary basis were \$2.2 million. In the current year, revenues increased by \$2.4 million or 2.9 % over the prior year and expenditures increased by \$5.8 million or 7.2%.

The major factors affecting this year's annual operating result are as follows:

- The Local Bridge Grant for \$1.9 million anticipated in the General Fund was not realized due to a delay in the start of the capital project.
- Willetts Avenue grant revenue was \$345.3 thousand higher in fiscal year 2015 than in 2014, but less than originally anticipated by \$197.1 thousand.
- Revenue from the cancellation of prior year encumbrances increased by \$183.2 thousand over 2014 and was over anticipated by \$193.8 thousand.
- Property tax collections were \$2.6 million higher in fiscal year 2015 than in 2014, but less than anticipated by \$170.2.
- Assessments and Connections decreased by \$6.4 thousand from 2014 and were under original budget estimates by \$194.8 thousand.
- FEMA reimbursements decreased by \$129 thousand from 2014.
- The SCRRRA rebate decreased by \$598.8 thousand over fiscal year 2014 and was less than anticipated by \$129.3.
- The Ambulance subsidy was under 2014 by \$51.8 thousand and less than anticipated by \$25.6 thousand.
- Recycling Revenues are down by 24.5 thousand from 2014 and under anticipated by \$36.8 thousand.
- Recreation & park revenues increased by \$28.6 thousand over 2014 and were over anticipated \$34.7 thousand.
- Building department revenue decreased by \$17.6 thousand over the prior year and was under budgetary estimates by \$50.1 thousand.
- Planning & Zoning revenue increased by \$22.2 thousand over 2014 which was unusually low.
- Public Works returned \$130.6 of unused appropriations in the current year.
- Recreation and Parks returned \$31.7 of unused appropriations in the current year.
- The Board of Education returned \$26.1 thousand of unused appropriations in the current year.

The Town's General Fund fund balance of \$10.6 million reported on Exhibit III differs from the General Fund's budgetary balance of \$10.3 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$283.6 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes. The balances for special revenue funds that are funded primarily from operating transfers from the General Fund are also rolled into that fund for reporting purposes. For fiscal year 2015, those balances amounted to \$85.2 thousand.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the Town had \$321.6 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net decrease (including additions and deductions) of \$3.0 million, or .93%, from last year.

Town of Waterford, Connecticut

(TABLE 4)

**Capital Assets at Year-End (Net of Depreciation)**  
**For the Years Ended June 30, 2015 and 2014**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,018	\$ 7,766	\$ 128	\$ 128	\$ 8,146	\$ 7,894
Land improvements	727	668			727	668
Buildings and improvements	188,989	190,422	1,152	1,186	190,141	191,608
Machinery and equipment	6,063	6,654	235	194	6,298	6,848
Vehicles	3,775	3,517	181	222	3,956	3,739
Infrastructure	58,343	58,234	53,063	53,721	111,406	111,955
Permanent Easements	5	5			5	5
Software	123	148	18	19	141	167
Construction in progress	713	1,367	57	368	770	1,735
<b>Total</b>	<b>\$ 266,756</b>	<b>\$ 268,781</b>	<b>\$ 54,834</b>	<b>\$ 55,838</b>	<b>\$ 321,590</b>	<b>\$ 324,619</b>

Major capital asset events during the current fiscal year are noted below:

#### Governmental Activities:

- There were increases to land for the purchase of 299 Great Neck Road for \$191.6 thousand and an acquisition through foreclosure of \$60 thousand.
- Increases to land improvements include Town Hall Improvements of \$119.50 thousand, offset by the retirement of prior improvements of \$77.3 thousand. Other land improvement additions include playground equipment of \$34.8 thousand and the replacement of a pedestrian bridge for \$40.3 thousand. Those increases were offset by depreciation of \$58.2 thousand.
- The increases to Building and improvements are due to the transfer of ownership at completion of the new Eugene O'Neill cottages of \$4.3 million, offset by depreciation of \$5.7 million.
- Machinery and equipment had a decrease of \$591 thousand due to mainly to depreciation of \$1.1 million, which was offset by additions of \$509.7 thousand.
- Vehicles increased by \$258 thousand due to additions in accordance with the Fleet Management Plan of \$1.1 million, which was offset by depreciation of \$854.7 thousand.
- There was a decrease to Construction-in-Progress of \$663.7 thousand and an increase to Infrastructure of \$1.1 million for the completion of the Dayton Road and Industrial Drive Water Pump Station Projects.
- There was a decrease to Construction-in-Progress of \$63 thousand and an increase to Infrastructure of \$473.6 thousand for the completion of the Willets Avenue Road Project.
- There was a decrease to Construction-in-Progress of \$11.8 thousand and an increase to Infrastructure of \$172.3 thousand for the completion of the Dimmock Road Project.
- Infrastructure was reduced by \$1.6 million for depreciation.
- Increases to Construction-in-Progress include the Municipal Complex Project for \$23.6 thousand, the Jordan Cove Bridge Replacement for \$16.5 thousand, the Douglas Lane Project for \$32.1 thousand and the public works salt shed for \$12.2 thousand.

### Business-Type Activities

- There was a decrease in Construction-in-Progress of \$361 thousand and an increase to Infrastructure of \$1.2 million for the completion of the Bolles Court Pump Station Upgrade. The increase to infrastructure was reduced by depreciation of \$1.9 million.
- There were additions to Construction-in-Progress of \$44.8 thousand for the Harvey Avenue Pump Station Project and \$6.1 thousand for the Pump Station Grit Facility Project.
- Machinery and Equipment increased by \$41 thousand due to additions of \$60.9 thousand, offset by depreciation of \$20.6 thousand.

Additional information on the Town's capital assets can be found in Note 6 of this report.

### ***Long-Term Debt***

At the end of the current fiscal year, the Town had \$90.2 million of outstanding general obligation bonds. Bonds issued in March 2014 carried an Aa2 Moody's rating and an AA rating from Standard & Poor. This rating was sustained with the Refunding issuance of notes in December 2014.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its total prior years' tax collections. The current debt limitation for the Town is \$552.3 million.

Additional information on the Town's long-term debt can be found in Note 7.

### **Economic Factors**

- The unemployment rate for the Town in 2015 was 4.7%, which is a decrease from a rate of 6.1% a year ago. Waterford's unemployment rate is slightly lower than the State's average unemployment rate of 5.4% and is below the national average of 5.3% as of June 2015.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$8.2 million. The main reason for the increase is due to the disestablishment of the stabilization fund of \$10.4 million. This increase was reduced by negative operating results of \$2.2 million.

All of these factors were considered in preparing the Town's budget for the 2015-16 fiscal year.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Town of Waterford, 15 Rope Ferry Road, Waterford, Connecticut 06385.

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## **Basic Financial Statements**



**Statement of Net Position**  
**June 30, 2015**

	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 20,312,135	\$ 2,266,877	\$ 22,579,012
Investments	8,183,872	-	8,183,872
Receivables, net	3,556,880	1,658,850	5,215,730
Internal balances	703,126	(703,126)	-
Inventory	8,316	-	8,316
Prepaid items	69,097	74	69,171
Capital assets:			
Intangible assets, not being amortized	5,000	-	5,000
Intangible assets, net amortization	123,281	17,627	140,908
Assets not being depreciated	8,729,491	185,050	8,914,541
Assets being depreciated	257,896,830	54,631,985	312,528,815
<b>Total assets</b>	<b>299,588,028</b>	<b>58,057,337</b>	<b>357,645,365</b>
Deferred outflows of resources			
Deferred pension expense	2,542,388	-	2,542,388
Deferred amounts on bond refunding	503,680	-	503,680
<b>Total assets and deferred outflows of resources</b>	<b>302,634,096</b>	<b>58,057,337</b>	<b>360,691,433</b>
<b>Liabilities</b>			
Accounts and other payables	2,466,052	47,670	2,513,722
Accrued liabilities	4,012,029	42,820	4,054,849
Unearned Revenue	371,131	18,476	389,607
Long-term obligations:			
Due within one year	4,950,806	8,646	4,959,452
Due in more than one year	118,656,281	339,872	118,996,153
<b>Total liabilities</b>	<b>130,456,299</b>	<b>457,484</b>	<b>130,913,783</b>
Deferred inflows of resources			
Deferred pension credit	2,773,465	-	2,773,465
<b>Total liabilities and deferred inflows of resources</b>	<b>133,229,764</b>	<b>457,484</b>	<b>133,687,248</b>
<b>Net Position</b>			
Net investment in capital assets	174,912,916	54,834,662	229,747,578
Restricted for:			
Trust purposes:			
Nonexpendable	216,308	-	216,308
Unrestricted	(5,724,892)	2,765,191	(2,959,701)
<b>Total net position</b>	<b>\$ 169,404,332</b>	<b>\$ 57,599,853</b>	<b>\$ 227,004,185</b>

\* After internal balances have been eliminated.

See Notes to Financial Statements.

**Statement of Activities  
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 13,676,246	\$ 1,168,346	\$ 12,599	\$ 954,229	\$ (11,541,072)	\$ -	\$ (11,541,072)
Public safety	10,640,430	201,040	304,832	57,858	(10,076,700)	-	(10,076,700)
Public works	7,383,886	527,638	110,047	810,099	(5,936,102)	-	(5,936,102)
Recreation	1,822,354	212,934	3,999	4,316,048	2,710,627	-	2,710,627
Library	1,382,665	19,316	-	-	(1,363,349)	-	(1,363,349)
Social services	3,254,381	188,768	361,086	-	(2,704,527)	-	(2,704,527)
Education	55,881,510	720,528	8,080,952	25,059	(47,054,971)	-	(47,054,971)
Interest and fiscal charges	3,095,585	-	-	-	(3,095,585)	-	(3,095,585)
<b>Total governmental activities</b>	<b>97,137,057</b>	<b>3,038,570</b>	<b>8,873,515</b>	<b>6,163,293</b>	<b>(79,061,679)</b>	<b>-</b>	<b>(79,061,679)</b>
<b>Business-Type Activities</b>							
Utility commission	5,177,826	3,797,073	1,939	944,844	-	(433,970)	(433,970)
<b>Total</b>	<b>\$ 102,314,883</b>	<b>\$ 6,835,643</b>	<b>\$ 8,875,454</b>	<b>\$ 7,108,137</b>	<b>(79,061,679)</b>	<b>(433,970)</b>	<b>(79,495,649)</b>
<b>General revenues</b>							
Property taxes					79,071,134	-	79,071,134
Grants and contributions not restricted to specific programs					830,497	-	830,497
Unrestricted investment earnings					158,268	9	158,277
Other					7,293	-	7,293
<b>Total general revenues</b>					<b>80,067,192</b>	<b>9</b>	<b>80,067,201</b>
<b>Change in net position</b>					<b>1,005,513</b>	<b>(433,961)</b>	<b>571,552</b>
Net Position, Beginning, as restated (Note 16)					168,398,819	58,033,814	226,432,633
Net Position, Ending					\$ 169,404,332	\$ 57,599,853	\$ 227,004,185

See Notes to Financial Statements.

**Balance Sheet - Governmental Funds**  
**June 30, 2015**

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 9,208,983	\$ 5,539,051	\$ 1,110	\$ 4,552,875	\$ 19,302,019
Investments	2,907,383	5,133,945	-	142,544	8,183,872
Receivables (net of allowance for uncollectibles):					
Property taxes	2,233,357	-	-	-	2,233,357
Accounts receivable	255,940	-	-	12,321	268,261
Intergovernmental	130,378	691,306	-	216,429	1,038,113
Assessment charges	13,420	-	-	-	13,420
Due from other funds	7,281,190	-	-	1,538,087	8,819,277
Prepaid items	66,777	-	-	2,320	69,097
Inventories	-	-	-	8,316	8,316
<b>Total assets</b>	<b>\$ 22,097,428</b>	<b>\$ 11,364,302</b>	<b>\$ 1,110</b>	<b>\$ 6,472,892</b>	<b>\$ 39,935,732</b>
<b>Liabilities</b>					
Accounts payable	\$ 994,982	\$ 136,810	\$ 11,947	\$ 163,345	\$ 1,307,084
Accrued liabilities	3,093,616	71,516	-	62,958	3,228,090
Due to other funds	5,063,251	267,042	4,937,432	1,373,592	11,641,317
Unearned revenue	78,569	-	-	203,021	281,590
<b>Total liabilities</b>	<b>9,230,418</b>	<b>475,368</b>	<b>4,949,379</b>	<b>1,802,916</b>	<b>16,458,081</b>
<b>Deferred Inflows of Resources</b>					
Unavailable resources	2,292,998	691,306	-	126,196	3,110,500
<b>Total deferred inflows of resources</b>	<b>2,292,998</b>	<b>691,306</b>	<b>-</b>	<b>126,196</b>	<b>3,110,500</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	66,777	-	-	149,531	216,308
Restricted	-	-	-	1,112,115	1,112,115
Committed	-	10,197,628	-	4,168,972	14,366,600
Assigned	368,856	-	-	186,219	555,075
Unassigned	10,138,379	-	(4,948,269)	(1,073,057)	4,117,053
<b>Total fund balances (deficits)</b>	<b>10,574,012</b>	<b>10,197,628</b>	<b>(4,948,269)</b>	<b>4,543,780</b>	<b>20,367,151</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 22,097,428</b>	<b>\$ 11,364,302</b>	<b>\$ 1,110</b>	<b>\$ 6,472,892</b>	<b>\$ 39,935,732</b>

(Continued)

**Balance Sheet - Governmental Funds (Continued)**  
**June 30, 2015**

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 20,367,151
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	266,754,602
Deferred inflows of resources - unavailable resources	3,110,500
Net deferred inflows/outflows due to pension liability	(231,077)
Internal service fund is used by management to charge the costs of health insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	3,633,202
Accrued interest payable	(1,126,639)
Deferred amounts on refunding	503,680
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(123,607,087)</u>
<b>Net position of governmental activities (exhibit I)</b>	<b><u>\$ 169,404,332</u></b>

See Notes to Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds  
For the Year Ended June 30, 2015**

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 78,906,899	\$ -	\$ -	\$ -	\$ 78,906,899
Intergovernmental	9,225,639	140,944	412,036	2,276,556	12,055,175
Assessments and connections	1,560	-	-	-	1,560
Licenses and permits	1,040,123	-	-	-	1,040,123
Fines, penalties and charges for services	620,245	-	-	890,379	1,510,624
Income on investments	105,428	41,270	1	9,553	156,252
Other	588,600	160,533	-	252,690	1,001,823
<b>Total revenues</b>	<b>90,488,494</b>	<b>342,747</b>	<b>412,037</b>	<b>3,429,178</b>	<b>94,672,456</b>
<b>Expenditures</b>					
Current:					
General government	12,209,317	-	-	81,159	12,290,476
Public safety	9,442,763	-	-	247,063	9,689,826
Public works	4,352,329	-	-	48,939	4,401,268
Recreation	1,649,170	-	-	20,892	1,670,062
Library	1,018,380	-	-	419,991	1,438,371
Social services	919,231	-	-	2,267,398	3,186,629
Education	50,850,012	-	-	-	50,850,012
Capital outlay	-	3,045,021	563,067	1,829,763	5,437,851
Debt service:					
Principal retirements	4,005,000	-	-	-	4,005,000
Interest and fiscal changes	3,056,610	-	-	-	3,056,610
<b>Total expenditures</b>	<b>87,502,812</b>	<b>3,045,021</b>	<b>563,067</b>	<b>4,915,205</b>	<b>96,026,105</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,985,682</b>	<b>(2,702,274)</b>	<b>(151,030)</b>	<b>(1,486,027)</b>	<b>(1,353,649)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	4,040,624	-	2,567,000	6,607,624
Transfers out	(5,357,624)	-	-	(1,250,000)	(6,607,624)
Issuance of refunding bonds	9,440,000	-	-	-	9,440,000
Premium on refunding bonds issued	1,371,621	-	-	-	1,371,621
Payments to escrow	(10,811,621)	-	-	-	(10,811,621)
<b>Total other financing sources (uses)</b>	<b>(5,357,624)</b>	<b>4,040,624</b>	<b>-</b>	<b>1,317,000</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(2,371,942)</b>	<b>1,338,350</b>	<b>(151,030)</b>	<b>(169,027)</b>	<b>(1,353,649)</b>
Fund Balance (Deficit), Beginning	12,945,954	8,859,278	(4,797,239)	4,712,807	21,720,800
Fund Balance (Deficit), Ending	\$ 10,574,012	\$ 10,197,628	\$ (4,948,269)	\$ 4,543,780	\$ 20,367,151

(Continued)

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Governmental Funds (Continued)  
For the Year Ended June 30, 2015**

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

Net change in fund balances – total governmental funds (Exhibit IV)	\$ (1,353,649)
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. This is the amount by which capital outlay exceeded depreciation in the current period.	(2,025,544)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	305,519
Change in net deferred inflow/outflows due to pension liabilities	(2,656,406)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,974,737
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.	1,730,755
The net increase of certain activities of internal service funds is reported with governmental activities.	<u>1,030,101</u>
<b>Change in net position of governmental activities (exhibit II)</b>	<b><u><u>\$ 1,005,513</u></u></b>

See Notes to Financial Statements.

**Statement of Net Position - Proprietary Funds**  
**June 30, 2015**

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Utility Commission	Internal Service Funds
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 2,266,877	\$ 1,010,116
Due from other funds	-	3,525,166
Prepaid expenses	74	-
Receivables (net of allowance for uncollectibles):		
Accounts receivable	1,656,910	3,729
Intergovernmental	1,940	-
<b>Total current assets</b>	<b>3,925,801</b>	<b>4,539,011</b>
Noncurrent Assets		
Intangible assets	23,940	-
Less accumulated amortization	(6,313)	-
Land	127,970	-
Equipment	416,875	-
Vehicles	607,661	-
Wastewater and storm water lines and pump stations	96,552,502	-
Less accumulated depreciation	(42,945,053)	-
Construction in process	57,080	-
<b>Total noncurrent assets</b>	<b>54,834,662</b>	<b>-</b>
<b>Total assets</b>	<b>58,760,463</b>	<b>4,539,011</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 47,670	\$ 32,329
Accrued liabilities	42,820	783,939
Due to other funds	703,126	-
Advanced collections	18,476	89,541
Compensated absences	8,646	-
<b>Total current liabilities</b>	<b>820,738</b>	<b>905,809</b>
Noncurrent Liabilities		
Compensated absences	339,872	-
<b>Total liabilities</b>	<b>1,160,610</b>	<b>905,809</b>
<b>Net Position</b>		
Net investment in capital assets	54,834,662	-
Unrestricted	2,765,191	3,633,202
<b>Total net position</b>	<b>\$ 57,599,853</b>	<b>\$ 3,633,202</b>

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds	Governmental Activities Internal Service Funds
	Utility Commission	
Operating Revenues		
User, interest and lien fees	\$ 3,797,073	-
Contributions	-	11,899,680
Intergovernmental revenues	1,939	-
Other operating revenues	-	2,278
<b>Total operating revenues</b>	<b>3,799,012</b>	<b>11,901,958</b>
Operating Expenses		
Amortization expense	1,596	-
Depreciation expense	1,948,139	-
Salaries, wages and employee benefits	1,223,961	-
Treatment plant costs	1,253,359	-
Utilities	288,034	-
Repairs and maintenance	389,627	-
Other	20,380	-
Materials and supplies	15,817	-
Professional services	36,913	-
Claims	-	9,728,558
Program and administrative expenses	-	1,145,316
<b>Total operating expenses</b>	<b>5,177,826</b>	<b>10,873,874</b>
<b>Operating (loss) income</b>	<b>(1,378,814)</b>	<b>1,028,084</b>
Nonoperating Revenues		
Income on investments	9	2,017
<b>Total non-operating revenues</b>	<b>9</b>	<b>2,017</b>
<b>Net (loss) income before capital contributions and transfers</b>	<b>(1,378,805)</b>	<b>1,030,101</b>
Capital Contributions	944,844	-
<b>Change in net position</b>	<b>(433,961)</b>	<b>1,030,101</b>
Net Position, Beginning	58,033,814	2,603,101
Net Position, Ending	<b>\$ 57,599,853</b>	<b>\$ 3,633,202</b>

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Utility Commission	Internal Service Funds
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 3,821,651	\$ 11,875,611
Payments to suppliers	(1,476,462)	(13,184,843)
Payments to employees	(1,207,736)	-
<b>Net cash provided by (used in) operating activities</b>	<b>1,137,453</b>	<b>(1,309,232)</b>
<b>Cash Flows From Investing Activities</b>		
Income on investments	9	2,017
<b>Net cash provided by investing activities</b>	<b>9</b>	<b>2,017</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,137,462</b>	<b>(1,307,215)</b>
<b>Cash and Cash Equivalents</b>		
Beginning	1,129,415	2,317,331
Ending	<b>\$ 2,266,877</b>	<b>\$ 1,010,116</b>
<b>Reconciliation of Operating (Loss) Income to Net Cash</b>		
Provided by (used in) Operating Activities		
Operating (loss) income	\$ (1,378,814)	\$ 1,028,084
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,949,735	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	54,670	(3,635)
Increase in prepaid expenses	(74)	-
Decrease in accounts payable	(15,898)	(77,214)
Increase (decrease) in accrued liabilities	9,197	(23,192)
Increase (decrease) in due to other funds	543,639	(2,210,564)
Increase in compensated absences	7,028	-
Decrease in advance collections	(32,030)	(22,711)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,137,453</b>	<b>\$ (1,309,232)</b>
<b>Noncash Investing and Capital Activities</b>		
Acquisition and construction of capital assets	\$ 944,844	\$ -

See Notes to Financial Statements.

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2015**

	Pension Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 6,974	\$ 601,045
Investments:		
Certificates of deposit	-	274,328
Mutual funds	632,275	-
<b>Total investments</b>	<b>632,275</b>	<b>274,328</b>
Accounts Receivable	222	-
<b>Total assets</b>	<b>\$ 639,471</b>	<b>\$ 875,373</b>
<b>Liabilities</b>		
Amounts held for student groups and others	\$ -	\$ 875,373
<b>Total liabilities</b>	<b>-</b>	<b>875,373</b>
<b>Net Position Restricted for Pensions</b>	<b>\$ 639,471</b>	<b>\$ -</b>

See Notes to Financial Statements.

**Statement of Changes in Fiduciary Net Position - Pension Trust Fund  
For the Year Ended June 30, 2015**

	Pension Trust Fund
<hr/>	
Additions	
Contributions	
Employer	\$ 83,367
	<hr/>
Investment income	
Net appreciation in fair value of investments	19,200
	<hr/>
<b>Total additions</b>	<b>102,567</b>
	<hr/>
Deductions	
Benefit payments	168,133
Administrative	8,511
	<hr/>
<b>Total deductions</b>	<b>176,644</b>
	<hr/>
<b>Change in net position</b>	<b>(74,077)</b>
	<hr/>
Net Position Restricted for Pensions	
Beginning of year	713,548
	<hr/>
End of year	<b>\$ 639,471</b>
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See Notes to Financial Statements.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

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

#### Accounting standards adopted in the current year:

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71*, was implemented on July 1, 2014. This statement revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The implementation of this statement resulted in additional disclosures as shown in Note 9. The effects on the Town's financials are detailed in Note 16.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations*, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the Town's financial statements.

**Reporting entity:** The Town was settled in 1646 and incorporated in 1801. The Town operates under a charter and a Board of Selectmen, Board of Finance and Representative Town Meeting (RTM) form of government.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

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

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. 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 services.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The various funds included in the financial statements are described below:

**Governmental funds:** Governmental Funds are those through which most governmental functions typically are financed.

*The General Fund* is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

*Special Revenue Funds* account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

*Capital Project Funds* account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay.

*Permanent Funds* are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

**Proprietary funds:** Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

*Enterprise Funds:* account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Utility Commission Fund is the Town's only enterprise fund.

*Internal Service Funds:* account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Health Insurance Fund is the Town's only internal service fund.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Fiduciary funds:** Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

The Pension Trust Fund accounts for the Municipal Employees Retirement System.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Student Activities Fund, Student Scholarship Fund and Performance Bonds Fund are the Town's agency funds.

**Measurement focus, basis of accounting and financial statement presentation:** The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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 Capital and Nonrecurring Expenditures Fund accounts and reports for revenues and expenditures for the various short-term construction projects funded by the General Fund.

The Waterford High School Building Project accounts and reports for revenues, expenditures, and other financing sources for the construction of the High School.

The Town reports the following proprietary fund:

The Utility Commission Fund accounts for the operation and maintenance of the sewer collection system, which is owned by the Town and is primarily supported through charges to customers.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

*The Internal Service Fund* is used to account for the Town's fully-indemnified insurance program for health insurance coverage of Town and Board of Education employees.

*The Pension Trust Fund* is used to account for assets that have been set aside in trust for the employee retirement plan for certain Town employees.

*The Agency Funds* account for monies held by the Town as a custodian for outside groups and agencies.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

**Cash and cash equivalents:** The Town classifies money market funds, STIF investments, treasury bills and certificates of deposit having original maturities of three months or less when purchased as cash equivalents.

**Investments:** Investments for the Town are stated at fair value using quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to a SEC 2a-7. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

**Interfunds:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

**Property taxes:** The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town, and are computed at 70% of market value. Although taxes are levied in June, the legal right to attach property does not exist until July 1. Taxes are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year. Interest of 1 ½% per month is charged on delinquent taxes. Liens are effective on the attachment date and are continued by filing prior to the following levy date.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Additional supplemental property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30. All trade and property tax receivables are shown net of an allowance for uncollectibles.

**Allowance for doubtful accounts:** Receivables for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$40,000 has been established as an allowance for uncollectible taxes.

**Inventories and prepaid items:** All prepaids are reported using the consumption method.

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

**Capital assets:** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

In governmental fund financial statements, capital outlay (assets) is reported as an expenditure and no depreciation expense is recorded.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-40
Building improvements	25-40
Land improvements	20
Public domain infrastructure	10-65
System infrastructure	30
Vehicles	8
Office equipment	5-20
Computer equipment	5
Machinery and equipment	5-30
Software	15

**Compensated absences:** Town and Board of Education employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

**Net pension liability:** The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

**Long-term obligations:** In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Net position:** In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

*Net investment in capital assets:* This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets and unspent bond proceeds reduce this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

*Restricted net position:* These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

*Unrestricted net position:* This category represents the net position of the Town, which is not restricted for any project or other purpose.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Fund balance:** In the governmental fund financial statements, the Town reported the following governmental fund balances:

*Nonspendable fund balance:* These amounts cannot be spent because they are not in spendable form or because they are legally or contractually required to be maintained intact.

*Restricted fund balance:* These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

*Committed fund balance:* This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Town of Waterford Representative Town Meeting) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken to remove or revise the limitation.

*Assigned fund balance:* Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter, Finance Director.

*Unassigned fund balance:* Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include residual deficits for other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

#### Other Post-Employment Obligations (OPEB) accounting:

*OPEB Plan:* Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide contributions.

*Governmental funds and governmental activities:* In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

*Funding policy:* The Town makes annual contributions on Committee decisions.

Town of Waterford, Connecticut

Notes to Financial Statements

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:** The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net position - governmental activities as reported in the government-wide statement of net position. 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 difference are as follows:

Bonds payable	\$ 90,145,000
OPEB	13,574,800
Compensated absences	8,247,861
Premium on bonds	1,696,641
Net pension liability	9,528,785
Landfill post closure costs	<u>414,000</u>
<b>Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u>\$ 123,607,087</u></b>

**Explanation of certain differences 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 governmental funds and changes in net position 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 this difference are as follows:

Capital outlay	\$ 7,495,166
Depreciation expense	(9,334,424)
Loss on disposal	<u>(186,286)</u>
<b>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</b>	<b><u>\$ (2,025,544)</u></b>

Town of Waterford, Connecticut

Notes to Financial Statements

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:**

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred	
General obligation debt	\$ (9,440,000)
Bond premium	(1,371,621)
Deferred gain/loss on refunding	527,153
Principal repayments	
General obligation debt	4,005,000
Bond refunded	10,175,000
Amortization of bond premiums	<u>79,205</u>
<b>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</b>	<u><u>\$ 3,974,737</u></u>

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 account balance changes are as follows:

Compensated absences	\$ 186,875
OPEB obligation	(1,914,500)
Accrued Interest	(7,423)
Decrease in pension liability	3,465,476
Decrease in bond refunding amount	(22,673)
Landfill closure costs	<u>23,000</u>
<b>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</b>	<u><u>\$ 1,730,755</u></u>

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments

**Deposits:** The Town does have a policy for deposits and a custodial credit risk policy. The Town's custodial credit risk policy follows State statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

**Investments:** The Town and Pension Trust Fund have a policy for investments, which is governed by State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

Other provisions of the Statutes cover specific municipal funds with particular investment authority, which mainly is the Pension Trust Fund. The Town and Pension Trust Fund have a custodial credit risk policy which follows State statutes.

**Interest rate risk:** The Town and pension plan have a policy that limits investing in short-term securities, money market funds or similar investment pools, and limiting the average maturity in the portfolio in accordance with this policy will minimize interest rate risk. The Town has no formal policy for interest rate risk.

**Concentrations:** The Town and pension plan do have a policy that limits the amounts invested in any one issuer to no more than 15% from a specific issuer or business sector (except U.S. Treasuries or Connecticut Short Term Investment Funds), which is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

#### **Custodial credit risk:**

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, approximately \$16,446,000 of the Town's bank balance of \$19,990,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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**Note 3. Cash, Cash Equivalents and Investments (Continued)**

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2015:

Cash and cash equivalents	
Deposits with financial institutions	\$ 10,454,974
State of Connecticut Short-Term Investment Fund	12,732,056
<b>Total cash and cash equivalents</b>	<u>23,187,030</u>
Investments	
Governmental Funds:	
Certificates of deposit	8,183,872
Pension Trust Funds:	
Equity mutual funds	205,819
Bond mutual funds	426,457
<b>Total pension investments</b>	<u>632,276</u>
Agency Funds:	
Certificates of deposit	274,328
<b>Total investments</b>	<u>9,090,476</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 32,277,506</u>

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and cash equivalents	\$ 22,579,012
Investments, certificates of deposit	8,183,872
	<u>30,762,884</u>
Fiduciary Funds	
Cash and cash equivalents	608,019
Investments	906,603
	<u>1,514,622</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 32,277,506</u>

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

Summary of Investments	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1-5 Years	6-10 Years
Bond mutual funds	\$ 426,457	\$ -	\$ -	\$ 426,457
Pooled fixed income	12,732,056	12,732,056	-	-
<b>Total</b>	<b>\$ 13,158,513</b>	<b>\$ 12,732,056</b>	<b>\$ -</b>	<b>\$ 426,457</b>

**Credit risk:** The Town does not have a formal policy relating to credit risk. Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The following table provides a summary of the Town's investments as rated by nationally recognized statistical rating organizations.

	Fair Value	Standard and Poor's
State Short-Term Investment Fund (STIF)	\$ 12,732,056	AAAm
Bond mutual fund	116,705	A
Bond mutual fund	212,975	BBB
Bond mutual fund	96,777	B

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 4. Deferred Inflows of Resources/Unearned Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities report unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and unavailable revenue reported in the governmental funds are as follows:

	Deferred inflows	Unearned Revenue
General Fund		
Delinquent property taxes (principal)	\$ 1,459,476	\$ -
Delinquent property taxes (interest)	709,602	-
Delinquent sewer assessments	10,840	-
Delinquent water assessments	2,300	-
Miscellaneous accounts receivable	5,935	-
Grants receivable	104,845	-
Capital Nonrecurring Expenditures Fund		
Grants receivable	691,306	-
Nonmajor Funds		
Delinquent sewer connection fees	3,787	-
Miscellaneous accounts receivable	317	-
Grants receivable	122,092	-
Grant drawdowns prior to meeting all eligibility requirements	-	281,590
<b>Total unearned/unavailable revenue for governmental funds</b>	<b>\$ 3,110,500</b>	<b>\$ 281,590</b>

**Note 5. Interfund Receivables, Payables and Transfers**

As of June 30, 2015, interfund balances that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 7,281,190	\$ 5,063,251
Capital and Nonrecurring Expenditures Fund	-	267,042
Waterford High School Building Project	-	4,937,432
Nonmajor Governmental Funds	1,538,087	1,373,592
Utility Commission	-	703,126
Internal Service Fund	3,525,166	-
<b>Total</b>	<b>\$ 12,344,443</b>	<b>\$ 12,344,443</b>

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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**Note 5. Interfund Receivables, Payables and Transfers (Continued)**

The balances above resulted from the time lag between the dates that payments occur between funds for various activities. The majority of the balances relate to capital purchases as permanent funding has not yet been obtained. The remaining amounts owed to the funds had not been satisfied at year end.

Interfund transfers during the year ended June 30, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 5,357,624
Capital and Nonrecurring Expenditures Fund	4,040,624	-
Nonmajor Governmental Funds	2,567,000	1,250,000
<b>Total</b>	<u>\$ 6,607,624</u>	<u>\$ 6,607,624</u>

The transfers out of the general fund were made to the Capital and Nonrecurring Fund and the Capital Improvement Fund in line with the Town's Capital Improvement Plan. This plan was put in place to minimize the mill rate impact of long-term projects.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 7,766,397	\$ 251,533	\$ -	\$ 8,017,930
Permanent easements	5,000	-	-	5,000
Construction in progress	1,365,702	84,322	738,463	711,561
<b>Total capital assets, not being depreciated</b>	<b>9,137,099</b>	<b>335,855</b>	<b>738,463</b>	<b>8,734,491</b>
Capital assets, being depreciated:				
Land improvements	2,397,495	194,613	121,332	2,470,776
Buildings and improvements	237,640,814	4,315,998	-	241,956,812
Vehicles	12,476,150	1,121,850	750,542	12,847,458
Machinery and equipment	15,213,573	509,720	910,813	14,812,480
Infrastructure	100,679,400	1,755,593	191,912	102,243,081
Software	531,516	-	-	531,516
<b>Total capital assets being depreciated</b>	<b>368,938,948</b>	<b>7,897,774</b>	<b>1,974,599</b>	<b>374,862,123</b>
Less accumulated depreciation for:				
Land improvements	1,729,858	58,234	43,983	1,744,109
Buildings and improvements	47,218,705	5,748,665	-	52,967,370
Vehicles	8,959,237	854,684	741,158	9,072,763
Machinery and equipment	8,559,198	1,062,587	872,599	8,749,186
Infrastructure	42,445,023	1,585,899	130,573	43,900,349
Software	383,880	24,355	-	408,235
<b>Total accumulated depreciation</b>	<b>109,295,901</b>	<b>9,334,424</b>	<b>1,788,313</b>	<b>116,842,012</b>
<b>Total capital assets, being depreciated, net</b>	<b>259,643,047</b>	<b>(1,436,650)</b>	<b>186,286</b>	<b>258,020,111</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 268,780,146</b>	<b>\$ (1,100,795)</b>	<b>\$ 924,749</b>	<b>\$ 266,754,602</b>

Town of Waterford, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 127,970	\$ -	\$ -	\$ 127,970
Construction in progress	368,025	50,848	361,793	57,080
<b>Total capital assets, not being depreciated depreciated</b>	<b>495,995</b>	<b>50,848</b>	<b>361,793</b>	<b>185,050</b>
Capital assets, being depreciated:				
Vehicles	607,661	-	-	607,661
Machinery and equipment	355,980	60,895	-	416,875
Infrastructure	94,550,267	1,194,892	576,283	95,168,876
Buildings and improvements	1,383,628	-	-	1,383,628
Software	23,942	-	2	23,940
<b>Total capital assets being depreciated</b>	<b>96,921,478</b>	<b>1,255,787</b>	<b>576,285</b>	<b>97,600,980</b>
Less accumulated depreciation for:				
Vehicles	385,625	40,736	-	426,361
Machinery and equipment	161,659	20,595	-	182,254
Infrastructure	40,828,459	1,852,217	576,285	42,104,391
Buildings and improvements	197,458	34,591	-	232,049
Software	4,717	1,596	-	6,313
<b>Total accumulated depreciation</b>	<b>41,577,918</b>	<b>1,949,735</b>	<b>576,285</b>	<b>42,951,368</b>
<b>Total capital assets, being depreciated, net depreciated, net</b>	<b>55,343,560</b>	<b>(693,948)</b>	<b>-</b>	<b>54,649,612</b>
<b>Business-type capital assets, net</b>	<b>\$ 55,839,555</b>	<b>\$ (643,100)</b>	<b>\$ 361,793</b>	<b>\$ 54,834,662</b>

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

Governmental activities	
General government	\$ 168,866
Public Safety	1,071,673
Public Works	2,081,252
Recreation	250,496
Library	21,649
Social Services	115,707
Education	5,624,781
<b>Total depreciation expense - governmental activities</b>	<b>\$ 9,334,424</b>
Business-type activities	
Utility Commission	\$ 1,949,735

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets (Continued)**

**Construction commitments:** The Town has active construction projects as of June 30, 2015. At year end the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Great Neck Elementary	\$ 25,024,447	\$ 1,107
Oswegatchie Elementary	24,818,606	1,107
Quaker Hill Elementary	25,358,544	1,107
High School Renovation	65,498,516	18,135
General Government Projects	318,666	31,334
Cohanzie School Demolition	823,414	506,860
Department of Public Works Projects	849,384	452,220
Utility Commission Projects	3,255,422	157,048
<b>Total</b>	<b>\$ 145,946,999</b>	<b>\$ 1,168,918</b>

The commitments are being financed through appropriations out of the Capital and Nonrecurring Expenditures Fund and Capital Projects Funds, as well as state grants and bonding.

**Note 7. Long-Term Obligations**

A summary of changes in outstanding obligations during the year ended June 30, 2015 is as follows:

	Beginning Balance as restated*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 94,885,000	\$ 9,440,000	\$ 14,180,000	\$ 90,145,000	\$ 4,430,000
Premium on bonds	404,225	1,371,621	79,205	1,696,641	134,513
<b>Total bonds payable</b>	<b>95,289,225</b>	<b>10,811,621</b>	<b>14,259,205</b>	<b>91,841,641</b>	<b>4,564,513</b>
Other long-term liabilities:					
OPEB liability	11,660,300	1,914,500	-	13,574,800	-
Landfill post closure monitoring	437,000	-	23,000	414,000	23,000
Compensated absences	8,434,736	166,934	353,809	8,247,861	363,293
Net pension liability (Pension)*	580,362	-	6,236	574,126	-
Net pension liability (MERS)*	12,413,899	-	3,459,240	8,954,659	-
<b>Total other long-term liabilities</b>	<b>33,526,297</b>	<b>2,081,434</b>	<b>3,842,285</b>	<b>31,765,446</b>	<b>386,293</b>
<b>Governmental activity long-term liabilities</b>	<b>\$ 128,815,522</b>	<b>\$ 12,893,055</b>	<b>\$ 18,101,490</b>	<b>\$ 123,607,087</b>	<b>\$ 4,950,806</b>
Business-type activities					
Compensated absences	\$ 341,490	\$ 29,545	\$ 22,517	\$ 348,518	\$ 8,646

\* Amounts restated for implementation of GASB 68

For the governmental activities, other long-term liabilities including compensated absences are generally liquidated by the General Fund.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Obligations (Continued)**

**General obligation bonds:** At June 30, 2015, the outstanding general obligation bonds of the Town were as follows:

Description	Maturity Ranges	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance June 30, 2015
Governmental activities						
Schools:						
Clark Lane School	\$800,000-\$850,000	\$ 9,440,000	12/29/14	08/15/26	3.0%-5.0%	\$ 9,440,000
Quaker Hill School	\$425,000-\$450,000	\$ 8,500,000	08/01/09	08/01/28	2.0%-4.0%	\$ 6,250,000
Oswegatchie School	\$735,000-\$740,000	\$ 14,000,000	08/01/11	08/01/30	2.0%-4.0%	\$ 11,780,000
Great Neck Elementary	\$655,000-\$975,000	\$ 15,640,000	03/01/12	08/01/31	1.75%-3.25%	\$ 14,330,000
Waterford High School	\$1,355,000-\$2,000,000	\$ 33,750,000	03/15/13	08/15/32	2.0%-4.0%	\$ 32,415,000
School Issue of 2014	\$640,000-\$940,000	\$ 15,930,000	03/17/14	03/15/34	3.0%-4.0%	\$ 15,930,000

**2014 General Obligation Refunding Bond – In-Substance Defeasance:** On December 29, 2014, the Town issued \$9,440,000 of general obligation refunding bonds with interest rates ranging from 3% to 5%, of which the proceeds were used to advance refund the outstanding principal of amounts of the general obligation bonds of the Clark Lane Middle School Issue of 2007. Net proceeds of \$10,811,621 (after payment of expenses of \$110,568), was placed in an irrevocable trust under an Escrow Agreement dated December 2014 between the Town and Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily State and Local Government Series of the United States of America Treasury Securities (“SLGS”). The SLGS securities will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$516,747, and a cash savings of \$532,155 between the old debt payments and the new debt payments.

The balance in escrow at June 30, 2015 was \$10,705,827. The balance of the defeased bonds was approximately \$10,175,000 at June 30, 2015. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

The following is a summary as of June 30, 2015 of the future principal and interest requirements for the Town’s general obligation bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 4,430,000	\$ 2,985,134	\$ 7,415,134
2017	4,585,000	2,798,808	7,383,808
2018	4,795,000	2,653,583	7,448,583
2019	5,140,000	2,500,020	7,640,020
2020	5,265,000	2,317,733	7,582,733
2021-2025	28,200,000	8,801,778	37,001,778
2026-2030	26,380,000	4,251,963	30,631,963
2031-2035	11,350,000	696,811	12,046,811
	<u>\$ 90,145,000</u>	<u>\$ 27,005,830</u>	<u>\$ 117,150,830</u>

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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**Note 7. Long-Term Obligations (Continued)**

The Town's indebtedness (including authorized but unissued bonds and overlapping debt), net of principal reimbursements expected from the State, does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit (in thousands)	Net Indebtedness (in thousands)	Balance (in thousands)
General purpose	\$ 177,545	\$ -	\$ 177,545
Schools	355,090	138,463	216,627
Sewers	295,908	-	295,908
Urban renewal	256,454	-	256,454
Pension deficit	236,727	-	236,727

**General obligation bonds:** The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$552,363,000.

**Bonds authorized but unissued:** Total authorized but unissued debt at June 30, 2015 consists of the follows:

Schools	<u>\$ 48,317,732</u>
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**Note 8. Fund Deficits**

The following funds had fund deficit balances at June 30, 2015:

Waterford High School Building Project	\$ 4,948,269
<b>Nonmajor Governmental Funds</b>	
Nuclear Safety Emergency Preparedness Grant Fund	5,578
DEMAHS 2013 Port Security Grant	17,381
Mago Point Park STEAP Grant	61,979
DEMAHS 2014 Port Security Grant	9,800
2015 JAG Violence Crime Prevention Grant	265
Oswegatchie Elementary School Project	366,234
Great Neck Elementary School	353,321
Quaker Hill Elementary School Project	258,499

These deficits will be reduced or eliminated when grant funds are received or appropriated by transfers from the General Fund or permanent financing is obtained.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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**Note 9. Employee Retirement Systems and Pension Plans**

**Pension trust fund:**

*Plan description:* The Town maintains a single-employer defined benefit pension plan (the Plan). The Plan was established and is administered by the Town. The Plan covers employees who retired or terminated in a vested status prior to MERS participation. There are no contributions required from the members. The Town is required to contribute the amounts necessary to finance the benefits for the participants in this plan. The Plan is included as part of the Town's financial reporting entity as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. The Plan is closed to new members. All eligible full-time employees must enroll in the MERS plan.

Members who retired at normal retirement date (age 62 and 15 years of service) receive benefits equal to 1.5% of final average earnings (the average of the highest 5 years within the last 10 years) per year of service, limited to 30 years. Members who retired at service retirement date (age 50 and 25 years of service) receive benefits equal to 2% of final average earnings per year of service, limited to 30 years, until age 62. Members who retired at early retirement date (age 57 and 15 years of service) could elect to receive benefits accrued to that date, reduced by .4167% for each month prior to normal retirement date, or to defer benefits until normal retirement date with no reduction. Benefit provisions are established and can be amended by the Representative Town Meeting.

*Plan administration:* The general administration and management of the pension plan and the responsibility for carrying out the provision of the plan shall be placed with the Retirement Commission. The Retirement Commission will be made up as follows:

- A member of the board of police commissioners to be appointed by the board police commissioners annually;
- A member of the board of selectmen to be appointed by the board of selectmen annually;
- A member of the board of education to be appointed by the board of education annually;
- A member of the board of finance to be appointed by the board of finance biennially, for a two-year term, subsequent to December 1st but no later than December 31st of each odd-numbered year;
- Two members of the representative town meeting to be appointed by the representative town meeting biennially, for a two-year term at the regularly scheduled December meeting of each odd-numbered year; and
- A member of the fire service to be appointed by the director of fire services annually.

**Plan membership consisted of the following at July 1, 2013, the date of the latest actuarial valuation:**

Retirees, disabled and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	1
Active plan members	-
<b>Total</b>	<u><u>19</u></u>

Town of Waterford, Connecticut

Notes to Financial Statements

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**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**Summary of significant accounting policies:**

*Basis of accounting:* The Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues when due in accordance with the terms of the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from pension fund resources.

*Funding policy:* There are no active employees in this Plan. Contributions required for the year ended June 30, 2015 were \$83,367. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

**Summary of significant accounting policies:** The annual required contribution was determined as part of the July 1, 2013 actuarial valuation using the entry age method, level dollar amortization method and remaining amortization period of eleven-years open. The actuarial assumptions included a) a 7.25% investment rate of return, b) retiree cost of living increase of 2.0%. The assumptions did not include projected salary or post-retirement benefit increases. The actuarial value of assets was determined using asset smoothing.

**Investments:**

*Investment policy:* The Plan's policy in regards to the allocation of invested assets is established and may be amended:

<u>Asset Class</u>	<u>Pension Funds Allocation %</u>
Large Cap	15%
Small Cap	10%
International	8%
Core Fixed Income	51%
High Yield Bond	15%
Cash equivalents	1%

**Rate of return:** For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net pension liability of the Town:** The components of the net pension liability of the Town at June 30, 2015 were as follows:

<u>Net Pension Liability</u>	<u>June 30, 2015</u>
Total pension liability	\$ 1,213,597
Plan fiduciary net position	\$ 639,471
Net pension liability	\$ 574,126
Plan fiduciary net position as a percentage of total pension liability	52.69%

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 9. Employee Retirement Systems and Pension Plans (Continued)

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2015. There have been no significant changes between the valuation date and the fiscal year end.

- Cost of living adjustments: 2% per year
- Investment return: 7.25%, compounded annually
- Actuarial cost method - entry age normal

Mortality rates were based on the IRS 2008 Generational Mortality Table, projected to 2013 with Scale AA.

**Discount rate:** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Assumed rate of return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013, and the final investment return assumption, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Return - Portfolio</u>
Large Cap	4.75%
Small Cap	5.50%
International	5.25%
Core Fixed Income	2.00%
High Yield Bond	3.25%
Cash equivalents	0.50%
<b>Total weighted average real return</b>	<b>3.20%</b>
Long-Term Inflation Expectation	3.00%
<b>Long-term expected nominal return</b>	<b>6.20%</b>

Town of Waterford, Connecticut

Notes to Financial Statements

**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	Current Discount Rate 7.25%	1% Decrease 6.25%	1% Increase 8.25%
Net pension liability	\$ 574,126	\$ 667,703	\$ 492,650

For the fiscal year ended June 30, 2015, the recognized pension expense is \$50,525. As of June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	26,606	-
<b>Total</b>	<b>\$ 26,606</b>	<b>\$ -</b>

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

Year Ended June 30,

2016	\$ 6,651
2017	6,651
2018	6,651
2019	6,653
2020	-
Thereafter	-
<b>Total</b>	<b>\$ 26,606</b>

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 9. Employee Retirement Systems and Pension Plans (Continued)

##### Municipal employees' retirement system:

**Plan description:** Certain employees of the Town of Waterford, Connecticut and Waterford Public Schools participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial report as a pension trust fund. Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers, who are covered under the Connecticut State Teachers' Retirement System, are ineligible.

**Benefit provisions:** Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

*Average final compensation:* Average of the three highest paid years of service.

*Normal form of benefit:* Life annuity.

*Year's breakpoint:* With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

##### Service retirement allowance:

*Condition for allowance:* Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

*Amount of allowance:* For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**Disability retirement allowance:**

Condition for allowance: 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Service connected disability:**

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including Worker's Compensation benefits) of 50% of compensation at the time of the disability.

**Vesting retirement allowance:**

Condition for allowance: 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**Death benefit:**

Condition for benefit: Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

**Return of deductions:** Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

**Optional benefits:** Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 9. Employee Retirement Systems and Pension Plans (Continued)

**Cost-of-living adjustment:** For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**Contributions by members:** For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

**Contributions by municipalities:** Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions.

**Assumptions** - The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	7/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**The long-term expected rate of return:** The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Mutual Equity Fund	16%	5.8%
Developed Market International Stock Fund	14%	6.6%
Emerging Market International Stock Fund	7%	8.3%
Core Fixed Income Fund	8%	1.3%
Inflation Linked Bond Fund	5%	1.0%
Emerging Market Debt Fund	8%	3.7%
High Yield Bond Fund	14%	3.9%
Real Estate Fund	7%	5.1%
Private Equity	10%	7.6%
Alternative Investments	8%	4.1%
Liquidity Fund	3%	0.4%
	100.00%	

**Discount rate:** The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the Town's net proportionate share of the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00	Current Discount Rate 8.00%	1% Increase 9.00%
Town's net proportionate share of the net pension liability	\$ 18,243,077	\$ 8,954,659	\$ 1,130,726

Town of Waterford, Connecticut

Notes to Financial Statements

**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources:** At June 30, 2015, the Town reported a liability of \$8,954,659 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014, the Town's proportion was 17.38%.

For the year ended June 30, 2015, the Town recognized pension expense of \$1,698,885. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$2,515,782 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Contributions subsequent to measurement date	\$ 2,515,782	\$ -	\$ 2,515,782
Net difference between projected and actual earnings on pension plan investments	-	(2,773,465)	(2,773,465)
<b>Total</b>	<b>\$ 2,515,782</b>	<b>\$ (2,773,465)</b>	<b>\$ (257,683)</b>

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

Year Ended June 30,

2016	\$ (693,366)
2017	(693,366)
2018	(693,366)
2019	(693,367)
2020	-
Thereafter	-
Total	<u>\$ (2,773,465)</u>

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 9. Employee Retirement Systems and Pension Plans (Continued)

##### Connecticut state teachers' retirement system

**Description of system:** Teachers, principals, superintendents or supervisors within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$5,455,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability related to the system.

**Benefits provided:** The benefits provided to participants by the System are as follows:

*Normal benefit:* A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

*Prorated benefit:* A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

*Minimum benefit:* Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 6.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$1,567,675 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$21,623,000.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging Markets (non-U.S.)	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Emerging Market bonds	5.0%	4.8%
High Yield bonds	5.0%	3.7%
Inflation Linked Bond fund	3.0%	1.3%
Liquidity Fund	6.0%	0.4%
Real Estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	<u>8.0%</u>	0.7%
	<u>100%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 9. Employee Retirement Systems and Pension Plans (Continued)**

**Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate:** The following presents the States proportionate share of the net pension liability allocated to the Town, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate. The Town’s proportionate share of the net pension liability is \$-0-.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State’s share of the net pension liability allocated to the Town	\$71,705,150	\$56,189,042	\$42,999,891

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$56,189,042 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized \$4,215,785 as the amount expended by the State on behalf of the Town to meet the State’s funding requirements.

**Note 10. Other Postemployment Benefits**

The Town provides post-retirement benefits for certain employees for current and future health insurance benefit expenses through a single-employer defined benefit plan. A biennial actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2014. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town’s future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town currently funds on the “pay-as-you-go” method. The Town determines the required contribution using the Projected Unit Cost Method.

**Town of Waterford, Connecticut**

**Notes to Financial Statements**

**Note 10. Other Postemployment Benefits (Continued)**

Membership in the plan consisted of the following at July 1, 2014, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	211
Active plan members	593
<b>Total</b>	<u>804</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	\$ 2,498,600	23.4%	\$ 13,574,800
06/30/2014	2,576,800	23.6%	11,660,300
06/30/2013	2,581,800	49.1%	9,691,500

**OPEB obligation:**

Annual required contribution	\$ 2,720,300
Interest on net pension obligation	583,000
Adjustment to annual required contribution	(804,700)
<b>Annual OPEB cost</b>	<u>2,498,600</u>
Contributions made	584,100
<b>Increase in net OPEB liability</b>	<u>1,914,500</u>
Net OPEB obligation, beginning of year	11,660,300
<b>Net OPEB obligation, end of year</b>	<u>\$ 13,574,800</u>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 27,244,800	\$ 27,244,800	0%	\$ 29,073,500	93.7%
7/1/2012	\$ -	\$ 28,551,800	\$ 28,551,800	0%	\$ 31,002,400	92.1%

Historical Trend Information - The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 10. Other Postemployment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of 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.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation date:	July 1, 2014																		
Actuarial cost method:	Projected Unit Credit																		
Asset valuation method:	Market Value																		
Amortization method:	Level Dollar, Closed																		
Remaining amortization period:	30 Years Decreasing, Currently 22 years																		
Actuarial Assumptions:																			
Investment rate of return	5.0%																		
Inflation rate	N/A																		
Projected salary increases	N/A																		
Health cost trend rates:	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:																		
	<table><thead><tr><th>Year After Valuation Date</th><th>Increase</th></tr></thead><tbody><tr><td>1</td><td>7.5%</td></tr><tr><td>2</td><td>7.0%</td></tr><tr><td>3</td><td>6.5%</td></tr><tr><td>4</td><td>6.0%</td></tr><tr><td>5</td><td>5.5%</td></tr><tr><td>6</td><td>5.0%</td></tr><tr><td>7</td><td>5.0%</td></tr><tr><td>8 or more</td><td>5.0%</td></tr></tbody></table>	Year After Valuation Date	Increase	1	7.5%	2	7.0%	3	6.5%	4	6.0%	5	5.5%	6	5.0%	7	5.0%	8 or more	5.0%
Year After Valuation Date	Increase																		
1	7.5%																		
2	7.0%																		
3	6.5%																		
4	6.0%																		
5	5.5%																		
6	5.0%																		
7	5.0%																		
8 or more	5.0%																		

#### Note 11. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded commercial coverage in any of the past three years and there have not been any significant reductions in insurance coverage from the amounts held in prior years.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 11. Risk Management (Continued)

The Town currently is a member in Connecticut Interlocal Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a, et seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence. The Town has not incurred any retrospective charges and is not aware of potential obligations related to its membership in CIRMA as of June 30, 2015.

The Town utilized a self-insurance program, which commenced November 1, 1998, to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis through June 30, 2012. The Town changed its health insurance coverage to a fully-indemnified insurance plan effective July 1, 2012. The Town returned to the self-insurance program effective July 1, 2013.

Due to the Town's change to a fully-indemnified insurance policy, there were no liabilities existing at July 1, 2013. A schedule of changes in the claims liability for the past two years is presented below:

	Liability, July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability, June 30
2014-2015	\$ 807,131	\$ 9,705,366	\$ (9,728,558)	\$ 783,939
2013-2014	\$ -	\$ 9,724,157	\$ (8,917,026)	\$ 807,131

#### Note 12. Contingent Liabilities

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

There are several pending lawsuits involving the Town. Town management believes the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Town.

Effective January 1, 2002, the Town's Miner Lane landfill was closed. The cost of the ongoing maintenance of the cap and the Department of Environmental Protection requirement for water quality testing over a 30-year period is estimated to be approximately \$23,000 a year. Accordingly, the Town has recorded a liability in the government-wide financial statements of \$414,000.

#### Note 13. Major Taxpayer

For the fiscal year ended June 30, 2015, 34% of the Town's property tax revenues were derived from its largest taxpayer, Dominion Nuclear Connecticut, Inc., an electrical power facility.

Town of Waterford, Connecticut

Notes to Financial Statements

**Note 14. Governmental Funds - Fund Balance**

The Town follows the accounting guidance of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established accounting and financial reporting standards for governmental funds. Below is a table of fund balance categories and classifications at June 30, 2015 for the Town's governmental funds:

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds
Fund balances				
Non-spendable:				
Prepays	\$ 66,777	\$ -	\$ -	\$ 2,320
Inventory	-	-	-	8,316
Non-spendable trust	-	-	-	138,895
<b>Total nonspendable</b>	<b>66,777</b>	<b>-</b>	<b>-</b>	<b>149,531</b>
Restricted:				
General government	-	-	-	55,183
Animal control and other	-	-	-	231,565
Sewer maintenance	-	-	-	422,888
Youth and senior services	-	-	-	165,022
School cafeteria and other	-	-	-	233,045
Recreation	-	-	-	4,412
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,112,115</b>
Committed:				
Water tower maintenance	-	-	-	544,450
Other capital projects	-	10,197,628	-	3,624,522
<b>Total committed</b>	<b>-</b>	<b>10,197,628</b>	<b>-</b>	<b>4,168,972</b>
Assigned:				
General government	117,195	-	-	-
Public Safety	37,183	-	-	-
Public Works	81,378	-	-	-
Recreation	10,108	-	-	-
Capital outlay	-	-	-	186,219
Education- supplies and maintenance	122,992	-	-	-
<b>Total assigned</b>	<b>368,856</b>	<b>-</b>	<b>-</b>	<b>186,219</b>
Unassigned:				
General government	10,138,379	-	-	-
Operational grants	-	-	-	(95,002)
Capital projects	-	-	(4,948,269)	(978,055)
<b>Total unassigned (deficit)</b>	<b>10,138,379</b>	<b>-</b>	<b>(4,948,269)</b>	<b>(1,073,057)</b>
<b>Total fund balance</b>	<b>\$ 10,574,012</b>	<b>\$ 10,197,628</b>	<b>\$ (4,948,269)</b>	<b>\$ 4,543,780</b>

The Town has no significant encumbrances.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 15. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
  - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
  - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
  - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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#### Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
  - The gross dollar amount of taxes abated during the period
  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Town of Waterford, Connecticut

Notes to Financial Statements

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**Note 16. Restatement for Implementation of New Accounting Standard**

The Town's financial statements have been restated as of June 30, 2014. The restatement is a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Governmental Activities will show a restatement of net position for the beginning of the year net pension liability as follows (amounts presented in thousands):

	<u>Governmental Activities</u>
Net position, June 30, 2014, as previously reported	\$178,967,753
Implementation of GASB Statement No. 68:	
Beginning net pension liability - Pension Trust Fund	(580,362)
Beginning net pension liability - State Municipal Employees Retirement System	(12,413,899)
Beginning deferred outflows - State Municipal Employees Retirement System	<u>2,425,327</u>
<b>Net position, June 30 2014, as restated</b>	<u><u>\$ 168,398,819</u></u>

**Required Supplementary  
Information - unaudited**



**Required Supplementary Information - unaudited  
Schedule of Investment Returns - Defined Benefit Plan  
June 30, 2015**

	<b>2015</b>	2014
Annual money-weighted rate of return, net of investment expense	<b>2.57%</b>	11.89%

Required Supplementary Information – unaudited  
 Schedule of Employer Contributions – Pension Trust Fund  
 June 30, 2015

	<b>Schedule of Contributions - Pension Trust Fund</b>									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 83,367	\$ 78,744	\$ 78,744	\$ 82,885	\$ 82,885	\$ 63,081	\$ 63,081	\$ 44,961	N/A	N/A
Contributions in relation to the actuarially determined contribution	83,367	78,744	78,744	82,885	82,885	63,081	63,081	44,961	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>N/A</b>	<b>N/A</b>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Required Supplementary Information - Unaudited**  
**Schedule of Changes in the Town's Net Pension Liability and Related Ratios**  
**Last Two Fiscal Years**  
**June 30, 2015**

Changes in Net Pension Liability	2015	2014
Total Pension Liability		
Interest on total pension liability	\$ 87,820	\$ 93,351
Benefit payments	(168,133)	(171,078)
<b>Net change in total pension liability</b>	<b>(80,313)</b>	<b>(77,727)</b>
 Total Pension Liability, Beginning	 1,293,910	 1,371,637
<b>Total pension liability, ending (a)</b>	<b>1,213,597</b>	<b>1,293,910</b>
 Fiduciary Net Position		
Employer contributions	\$ 83,367	\$ 78,744
Investment income net of investment expenses	19,200	85,746
Benefit payments	(168,133)	(171,078)
Administrative expenses	(8,511)	(6,522)
<b>Net change in plan fiduciary net position</b>	<b>(74,077)</b>	<b>(13,110)</b>
 Fiduciary Net Position, Beginning	 713,548	 728,155
<b>Fiduciary net position, ending (b)</b>	<b>639,471</b>	<b>713,548</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 574,126</b>	<b>\$ 580,362</b>
 Fiduciary Net Position as a % of Total Pension Liability	 52.69%	 55.15%

**Required Supplementary Information - unaudited  
 Schedule of the Town's Proportionate Share of the Net Pension Liability -  
 Municipal Employees' Retirement System  
 For the Year Ended June 30, 2015**

	2015
Town's proportion of the net pension liability	17.384200%
Town's proportionate share of the net pension liability	\$ 8,954,659
Town's covered-employee payroll	<u>\$ 17,944,522</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>49.90%</u>
System fiduciary net position as a percentage of the total pension liability	<u>90.48%</u>

**Required Supplementary Information - unaudited**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability -**  
**Teachers' Retirement System**  
**For the Year Ended June 30, 2015**

Measurement period	2014
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	56,189,042
Town's covered-employee payroll	21,623,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%
System fiduciary net position as a percentage of the total pension liability	<u>61.51%</u>

**Notes to Schedule**

Change in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

**Required Supplementary Information - unaudited  
Schedule of Funding Progress and Employer Contributions - OPEB Fund**

***Schedule of Funding Progress - OPEB***

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2014	\$ -	\$ 27,244,800	\$ 27,244,800	0.00%	\$ 29,073,500	93.7%
7/1/2012	-	28,551,800	28,551,800	0.00%	31,002,400	92.1%
7/1/2010	-	31,511,700	31,511,700	0.00%	28,227,100	111.6%
7/1/2008	-	40,636,400	40,636,400	0.00%	26,292,000	154.6%
7/1/2006	-	40,780,200	40,780,200	0.00%	25,246,800	161.5%

***Schedule of Employer Contributions - OPEB***

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2015	\$ 2,720,300	21.5%
6/30/2014	2,747,000	22.1%
6/30/2013	2,718,100	46.6%
6/30/2012	2,690,600	52.4%
6/30/2011	3,644,900	43.2%
6/30/2010	3,694,400	37.0%
6/30/2009	3,649,500	20.0%

**Required Supplementary Information - Unaudited**  
**General Fund Revenues and Other Financing Sources - Budgetary Basis -**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Property Taxes</b>				
Revenues from current year	\$ 78,587,052	\$ 78,587,052	\$ 78,373,962	\$ (213,090)
Prior year taxes	265,000	265,000	245,965	(19,035)
Interest and lien fees	225,000	225,000	286,972	61,972
<b>Total property taxes</b>	<b>79,077,052</b>	<b>79,077,052</b>	<b>78,906,899</b>	<b>(170,153)</b>
<b>Intergovernmental</b>				
State of Connecticut:				
Education:				
Equalized cost sharing	1,485,842	1,485,842	1,446,476	(39,366)
Transportation	33,248	33,248	33,193	(55)
Education of the blind	37,750	37,750	-	(37,750)
Health and Welfare	7,483	7,483	7,591	108
General government:				
Tax relief:				
Tax relief - state-owned property	285,848	285,848	286,127	279
Elderly	184,305	184,305	187,749	3,444
Disabled	2,112	2,112	2,230	118
Private tax exempt property	63,244	63,244	65,721	2,477
Veterans	12,224	12,224	12,279	55
Local bridge grant	60,232	60,232	60,232	-
Willetts Avenue STP grant	542,400	542,400	345,323	(197,077)
Court fines	15,000	15,000	14,900	(100)
Civil preparedness	31,490	31,490	39,852	8,362
Telecommunication	82,905	82,905	92,920	10,015
Town aid road	321,859	321,859	321,871	12
Local bridge grant	1,944,800	1,944,800	14,399	(1,930,401)
SDE state grant	14,000	14,000	14,000	-
Mashantucket Pequot grant	50,706	50,706	51,184	478
Enhancement 911	22,967	22,967	22,981	14
Municipal video competition trust	19,255	19,255	-	(19,255)
Municipal Grants-in-Aid	32,217	32,217	32,217	-
<b>Total intergovernmental</b>	<b>5,249,887</b>	<b>5,249,887</b>	<b>3,051,245</b>	<b>(2,198,642)</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**General Fund Revenues and Other Financing Sources - Budgetary Basis -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Assessments and Connections</b>				
Water main assessments	\$ 34,000	\$ 34,000	\$ 1,107	\$ (32,893)
Sewer assessments	162,380	162,380	453	(161,927)
<b>Total assessments and connections</b>	<b>196,380</b>	<b>196,380</b>	<b>1,560</b>	<b>(194,820)</b>
<b>Licenses and Permits</b>				
Recreation and Parks Commission	178,000	178,000	212,732	34,732
Building Inspector	400,000	400,000	349,896	(50,104)
License, fees, permits and fines	20,000	20,000	26,163	6,163
Conveyance tax	200,000	200,000	201,954	1,954
Planning and Zoning	56,000	56,000	54,976	(1,024)
Liens - Utility Commission	20,000	20,000	14,540	(5,460)
Town Clerk fees	180,000	180,000	170,173	(9,827)
<b>Total licenses and permits</b>	<b>1,054,000</b>	<b>1,054,000</b>	<b>1,030,434</b>	<b>(23,566)</b>
<b>Fines, Penalties and Charges for Services</b>				
Tuition	77,659	77,659	83,599	5,940
Safe homes tuition	5,615	5,615	12,367	6,752
Library	18,000	18,000	19,316	1,316
False alarm fines	1,000	1,000	600	(400)
Bulky waste fees	116,000	116,000	96,003	(19,997)
Recycling	60,000	60,000	23,187	(36,813)
Miscellaneous	35,000	35,000	53,079	18,079
EMS - Reg. Comm Ctr fees	39,239	39,239	22,928	(16,311)
Tipping fees	233,000	233,000	263,614	30,614
Senior Services	30,000	30,000	28,023	(1,977)
Eugene O'Neill Theater gate revenue	8,750	8,750	-	(8,750)
<b>Total fines, penalties and charges for services</b>	<b>624,263</b>	<b>624,263</b>	<b>602,716</b>	<b>(21,547)</b>

(Continued)

**Required Supplementary Information - Unaudited  
 General Fund Revenues and Other Financing Sources - Budgetary Basis -  
 Budget and Actual (Continued)  
 For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Other Sources</b>				
Rent and miscellaneous	\$ 4,500	\$ 4,500	\$ 4,584	\$ 84
Rental of building	105,190	105,190	155,806	50,616
Sale of equipment	100	100	1,698	1,598
NL Radio Comm. network use fee	97,525	97,525	97,525	-
SCRRRA rebate	139,500	139,500	10,208	(129,292)
Ambulance operating subsidy	217,464	217,464	191,898	(25,566)
YSB BOE clerical stipend	5,000	5,000	5,000	-
East Lyme animal control payment	57,958	57,958	56,858	(1,100)
New London Capital Cost Sharing			6,650	6,650
BOE Human Resources offset	13,820	13,820	13,820	-
Insurance settlement	-	-	150	150
CIRMA members equity distribution	51,671	51,671	39,838	(11,833)
TVCCA assistance rebate	3,000	3,000	-	(3,000)
<b>Total other sources</b>	<b>695,728</b>	<b>695,728</b>	<b>584,035</b>	<b>(111,693)</b>
<b>Interest and Dividends</b>				
Interest on investments	75,000	75,000	105,428	30,428
<b>Total revenues</b>	<b>86,972,310</b>	<b>86,972,310</b>	<b>84,282,317</b>	<b>(2,689,993)</b>
<b>Other Financing Sources</b>				
Cancellation of prior year encumbrances	100	100	193,925	193,825
<b>Total other financing sources</b>	<b>100</b>	<b>100</b>	<b>193,925</b>	<b>193,825</b>
<b>Total revenues and other financing sources</b>	<b>\$ 86,972,410</b>	<b>\$ 86,972,410</b>	<b>84,476,242</b>	<b>\$ (2,496,168)</b>

Budgetary revenues are different than GAAP revenues because

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	5,455,000
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year	(193,925)
Excess cost - student based grant	719,394
GASB 54 activity of certain Special Revenue Funds now consolidated into the General Fund	31,783

**Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Governmental Funds**

**\$ 90,488,494**

Required Supplementary Information - Unaudited  
 General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
 Budget and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
<b>Selectman</b>				
Personnel costs	\$ 172,650	\$ 176,800	\$ 176,239	\$ 561
Services	43,205	63,405	62,765	640
Materials and supplies	1,408	1,408	1,178	230
<b>Total Selectman</b>	<b>217,263</b>	<b>241,613</b>	<b>240,182</b>	<b>1,431</b>
<b>Registrar of Voters</b>				
Personnel costs	49,851	56,334	56,333	1
Services	5,591	5,218	5,082	136
Materials and supplies	5,772	6,818	6,817	1
<b>Total Registrar of Voters</b>	<b>61,214</b>	<b>68,370</b>	<b>68,232</b>	<b>138</b>
<b>Board of Finance</b>				
Personnel costs	4,659	4,496	3,442	1,054
Services	50,025	50,025	49,830	195
Materials and supplies	30	30	30	-
<b>Total Board of Finance</b>	<b>54,714</b>	<b>54,551</b>	<b>53,302</b>	<b>1,249</b>
<b>Assessor</b>				
Personnel costs	273,056	285,571	284,365	1,206
Services	26,384	26,384	25,585	799
Materials and supplies	1,002	1,002	909	93
<b>Total Assessor</b>	<b>300,442</b>	<b>312,957</b>	<b>310,859</b>	<b>2,098</b>
<b>Board of Assessment Appeals</b>				
Personnel costs	690	690	485	205
Services	566	566	339	227
<b>Total Board of Assessment Appeals</b>	<b>1,256</b>	<b>1,256</b>	<b>824</b>	<b>432</b>
<b>Tax Collector</b>				
Personnel costs	158,788	167,264	166,980	284
Services	40,269	39,978	35,987	3,991
Materials and supplies	320	320	287	33
Equipment	410	410	410	-
<b>Total Tax Collector</b>	<b>199,787</b>	<b>207,972</b>	<b>203,664</b>	<b>4,308</b>

(Continued)

Required Supplementary Information - Unaudited  
 General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
 Budget and Actual (Continued)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government (Continued)</b>				
<b>Finance</b>				
Personnel costs	\$ 505,489	\$ 608,489	\$ 607,717	\$ 772
Services	301,209	269,047	267,364	1,683
Materials and supplies	35,000	33,000	32,322	678
Equipment	39,978	68,985	68,983	2
<b>Total Finance</b>	<b>881,676</b>	<b>979,521</b>	<b>976,386</b>	<b>3,135</b>
<b>Legal Department</b>				
Services	281,000	415,681	414,235	1,446
<b>Town Clerk</b>				
Personnel costs	206,865	212,319	212,300	19
Services	46,261	38,882	33,534	5,348
Materials and supplies	2,770	2,770	2,296	474
Equipment	1	1	-	1
<b>Total Town Clerk</b>	<b>255,897</b>	<b>253,972</b>	<b>248,130</b>	<b>5,842</b>
<b>Planning and Zoning Commission</b>				
Personnel costs	502,263	514,495	514,210	285
Services	29,427	26,245	25,790	455
Materials and supplies	2,261	1,561	1,346	215
Equipment	15,844	15,844	15,122	722
<b>Total Planning and Zoning Commission</b>	<b>549,795</b>	<b>558,145</b>	<b>556,468</b>	<b>1,677</b>
<b>Building Maintenance</b>				
Services	21,605	22,095	22,085	10
Materials and supplies	150,424	149,934	146,862	3,072
Capital Improvements	9,960	9,960	9,916	44
<b>Total Building Maintenance</b>	<b>181,989</b>	<b>181,989</b>	<b>178,863</b>	<b>3,126</b>
<b>Insurance</b>				
Services	4,608,052	4,624,552	4,618,691	5,861
<b>Economic Development Commission</b>				
Services	9,132	9,132	8,308	824
<b>Conservation Commission</b>				
Services	17,750	14,250	13,328	922
Materials and supplies	500	500	425	75
<b>Total Conservation Commission</b>	<b>18,250</b>	<b>14,750</b>	<b>13,753</b>	<b>997</b>

(Continued)

Required Supplementary Information - Unaudited  
 General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
 Budget and Actual (Continued)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government (Continued)</b>				
Zoning Board of Appeals:				
Services	\$ 4,916	\$ 4,916	\$ 2,892	\$ 2,024
Materials and supplies	50	50	-	50
<b>Total Zoning Board of Appeals</b>	<b>4,966</b>	<b>4,966</b>	<b>2,892</b>	<b>2,074</b>
<b>Retirement Commission</b>				
Personnel costs	3,741,107	3,697,507	3,696,322	1,185
<b>Representative Town Meeting</b>				
Personnel costs	54	54	-	54
Services	18,380	20,305	20,294	11
<b>Total Representative Town Meeting</b>	<b>18,434</b>	<b>20,359</b>	<b>20,294</b>	<b>65</b>
<b>Building Department</b>				
Personnel costs	258,950	280,446	280,268	178
Services	10,118	8,551	8,338	213
Materials and supplies	1,879	1,754	1,610	144
Equipment	867	867	835	32
<b>Total Building Department</b>	<b>271,814</b>	<b>291,618</b>	<b>291,051</b>	<b>567</b>
<b>Social Service Grants</b>				
Services	73,375	73,375	73,194	181
Contracts out to agencies	12,000	12,000	12,000	-
<b>Total Social Service Grants</b>	<b>85,375</b>	<b>85,375</b>	<b>85,194</b>	<b>181</b>
<b>Contingency</b>				
Miscellaneous	245,000	-	-	-
<b>Flood and Erosion Control Board</b>				
Personnel costs	775	775	557	218
Services	85	85	3	82
Materials and supplies	25	25	-	25
<b>Total Flood and Erosion     Control Board</b>	<b>885</b>	<b>885</b>	<b>560</b>	<b>325</b>

(Continued)

Required Supplementary Information - Unaudited  
 General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
 Budget and Actual (Continued)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Ethics Commission</b>				
Personnel costs	\$ 323	\$ 323	\$ 231	\$ 92
Services	375	375	35	340
Materials and supplies	25	25	-	25
<b>Total Ethics Commission</b>	<b>723</b>	<b>723</b>	<b>266</b>	<b>457</b>
<b>Human Resources</b>				
Personnel costs	168,339	173,035	172,832	203
Services	32,485	30,416	29,246	1,170
Materials and supplies	2,730	103	28	75
<b>Total Human Resources</b>	<b>203,554</b>	<b>203,554</b>	<b>202,106</b>	<b>1,448</b>
<b>Total General Government</b>	<b>12,192,325</b>	<b>12,229,448</b>	<b>12,190,582</b>	<b>38,866</b>
<b>Public Safety</b>				
<b>Emergency Management</b>				
Personnel costs	778,129	801,188	800,561	627
Services	388,655	384,478	383,958	520
Materials and supplies	3,500	2,030	2,002	28
Equipment	3	3	-	3
<b>Total Emergency Management</b>	<b>1,170,287</b>	<b>1,187,699</b>	<b>1,186,521</b>	<b>1,178</b>
<b>Fire Services</b>				
Personnel costs	1,567,231	1,613,516	1,613,513	3
Services	916,805	935,760	932,945	2,815
Materials and supplies	227,185	240,590	240,577	13
Equipment	56,220	57,547	57,543	4
<b>Total Fire Services</b>	<b>2,767,441</b>	<b>2,847,413</b>	<b>2,844,578</b>	<b>2,835</b>

(Continued)

Required Supplementary Information - Unaudited  
 General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
 Budget and Actual (Continued)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Police Department</b>				
Personnel costs	\$ 4,702,145	\$ 4,717,645	\$ 4,716,303	\$ 1,342
Services	391,405	398,121	396,294	1,827
Materials and supplies	248,251	243,335	241,928	1,407
Equipment	21,116	21,116	21,116	-
<b>Total Police Department</b>	<b>5,362,917</b>	<b>5,380,217</b>	<b>5,375,641</b>	<b>4,576</b>
<b>Total Public Safety</b>	<b>9,300,645</b>	<b>9,415,329</b>	<b>9,406,740</b>	<b>8,589</b>
<b>Public Works</b>				
Personnel costs	2,173,725	2,173,725	2,149,933	23,792
Services	1,465,465	1,324,244	1,246,402	77,842
Materials and supplies	825,200	815,995	787,245	28,750
Equipment	6,400	6,400	6,232	168
Capital improvements	161,000	161,000	161,000	-
<b>Total Public Works</b>	<b>4,631,790</b>	<b>4,481,364</b>	<b>4,350,812</b>	<b>130,552</b>
<b>Social Services</b>				
Youth Service Bureau:				
Personnel costs	174,931	187,631	187,577	54
Services	44,766	44,766	42,448	2,318
<b>Total Social Services</b>	<b>219,697</b>	<b>232,397</b>	<b>230,025</b>	<b>2,372</b>
<b>Conservation of Health</b>				
Services	136,340	136,340	136,340	-
<b>Total Conservation of Health</b>	<b>136,340</b>	<b>136,340</b>	<b>136,340</b>	<b>-</b>
<b>Waterford Public Health Nursing Service</b>				
Contracts out to agencies	36,863	36,863	33,457	3,406
<b>Senior Citizen Commission</b>				
Personnel costs	366,536	372,696	372,631	65
Services	135,117	128,957	127,258	1,699
Materials and supplies	20,124	20,124	18,545	1,579
Equipment	1,096	1,096	975	121
<b>Total Senior Citizen Commission</b>	<b>522,873</b>	<b>522,873</b>	<b>519,409</b>	<b>3,464</b>
<b>Total Social Services</b>	<b>915,773</b>	<b>928,473</b>	<b>919,231</b>	<b>9,242</b>

(Continued)

**Required Supplementary Information - Unaudited  
General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
Budget and Actual (Continued)  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Library</b>				
Personnel costs	\$ 911,081	\$ 896,000	\$ 891,979	\$ 4,021
Services	75,495	76,495	73,468	3,027
Materials and supplies	8,000	8,000	7,937	63
Equipment	45,000	45,000	44,996	4
<b>Total Library</b>	<b>1,039,576</b>	<b>1,025,495</b>	<b>1,018,380</b>	<b>7,115</b>
<b>Recreation and Parks</b>				
Personnel costs	950,902	936,402	910,216	26,186
Services	312,876	321,876	317,139	4,737
Materials and supplies	65,611	71,111	70,420	691
Equipment	8,700	8,700	8,618	82
<b>Total Recreation and Parks</b>	<b>1,338,089</b>	<b>1,338,089</b>	<b>1,306,393</b>	<b>31,696</b>
<b>Community Use of School</b>	<b>328,574</b>	<b>328,574</b>	<b>328,574</b>	<b>-</b>
<b>Debt Service</b>				
Principal	4,005,000	4,005,000	4,005,000	-
Interest	3,056,611	3,056,611	3,056,611	-
<b>Total Debt Service</b>	<b>7,061,611</b>	<b>7,061,611</b>	<b>7,061,611</b>	<b>-</b>
<b>Board of Education</b>	<b>44,768,410</b>	<b>44,768,410</b>	<b>44,742,326</b>	<b>26,084</b>
<b>Total Expenditures</b>	<b>81,576,793</b>	<b>81,576,793</b>	<b>81,324,649</b>	<b>252,144</b>
<b>Other Financing Uses</b>				
Transfers out	5,395,617	5,395,617	5,395,617	-
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 86,972,410</b>	<b>\$ 86,972,410</b>	<b>86,720,266</b>	<b>\$ 252,144</b>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf contributions to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted

5,455,000

Encumbrances for purchases and commitments ordered but not received  
are reported in the year the order is placed for budgetary purposes, but

in the year the order is received for financial reporting purposes

(31,622)

Excess cost - student based grant

719,394

GASB 54 activity of certain Special Revenue Funds now consolidated  
into the General Fund

35,591

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

**\$ 92,898,629**

**Note to Required Supplementary Information - Unaudited**

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**Note 1. Budgets and Budgetary Accounting**

Formal legally adopted annual budgets are employed as a management control device in the General Fund. Project-length budgets are employed in the Capital Projects Funds. All unencumbered appropriations lapse at year-end.

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Those Departments, Boards, Commissions and Agencies seeking appropriations, with the exception of the Board of Education, make their budgetary requests to the Board of Selectmen by a date designated by that Board, generally no later than the last working day in November. During the month of January and February, the Board of Selectmen conducts budget hearings with the requesting agencies. The Board of Selectmen will take final action on these requests no later than the second week in February and forward the budgets and its recommendation for funding to the Board of Finance. During the month of March, the Board of Finance conducts budget hearings with the requesting Departments, Boards, Commissions and Agencies including the Board of Education. The Board of Finance then conducts a Public Hearing to determine the budget it will recommend to the Representative Town Meeting. This recommendation cannot exceed the recommended level of appropriation by the Board of Selectman unless a departmental appeal is made to them based upon the action of the Board of Selectmen in a timeframe approved by Ordinance. The Representative Town Meeting holds its annual budget meeting the first Monday in May and acts upon the recommended budget as submitted by the Board of Finance inclusive of the Board of Education. The Representative Town Meeting cannot increase the level of appropriation recommended by the Board of Finance unless a departmental appeal is made to them from the action of the Board of Finance in a timeframe approved by Ordinance. The annual budget meeting legally appropriates this budget to departmental line items for expenditures and transfers. The Board of Finance then sets a tax mill rate for the ensuing fiscal year based upon this level of budget.

Town management may transfer amounts within the series level within a department with Commission or Board approval, but only the Board of Finance is authorized to transfer the legally budgeted amounts between series within or between departmental accounts. In this function, series within the various departments serve as the level of management control.

The Superintendent of Schools is authorized to make limited line item transfers under emergency circumstances where the urgent need for the transfer prevents the Board of Education from meeting in a timely fashion to consider the transfer. Any such transfer shall be announced at the next regularly scheduled meeting of the Board.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as assigned fund balance.

Summarizations of the amended budget approved by the RTM for the "budgetary" general fund is presented. During the year, there were no supplemental budgetary appropriations.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with generally accepted accounting principles.

**Note to Required Supplementary Information - Unaudited**

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**Note 1. Budgets and Budgetary Accounting (Continued)**

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as an assigned fund balance on a GAAP basis.
- State of Connecticut payments on behalf of Town of Waterford teachers for the State Teachers' Retirement System are reported for GAAP purposes only.
- Excess Cost - Student based grant is credited against the Board of Education's operating budget.
- Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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**Combining and Individual  
Fund Financial Statements and Other Schedules**



**General Fund**

## **General Fund**

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of Waterford, Connecticut

**Balance Sheet**  
**General Fund**  
**June 30, 2015**

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**Assets**

Cash and cash equivalents	\$	9,208,983
Investments		2,907,383
Receivables, net		2,633,095
Due from other funds		7,281,190
Prepaid items		<u>66,777</u>

**Total assets** **\$ 22,097,428**

**Liabilities, Deferred Inflows of Resources and Fund Balance**

Liabilities

Accounts payable	\$	994,982
Accrued liabilities		3,093,616
Due to other funds		5,063,251
Unearned revenues		<u>78,569</u>

**Total liabilities** **9,230,418**

**Deferred Inflows of Resources**

Unavailable revenues		<u>2,292,998</u>
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**Total deferred inflows of resources** **2,292,998**

**Fund Balance**

Nonspendable		66,777
Assigned		368,856
Unassigned		<u>10,138,379</u>

**Total fund balance** **10,574,012**

**Total liabilities, deferred inflows of resources and fund balance** **\$ 22,097,428**

Town of Waterford, Connecticut

Board of Education  
 Schedule of Expenditures and Encumbrances  
 Compared with Appropriations  
 For the Year Ended June 30, 2015

	Final Appropriation	Expenditures and Encumbrances	Unexpended Balance
Salaries - certified	\$ 21,730,509	\$ 21,440,106	\$ 290,403
Salaries - support	5,103,916	4,999,605	104,311
Temporary pay - certified	879,204	897,952	(18,748)
Temporary pay - support	199,566	233,358	(33,792)
Overtime - support	69,220	157,930	(88,710)
Health and dental insurance	5,725,134	5,707,031	18,103
Life and major medical insurance	89,493	89,021	472
Long term disability	3,000	3,563	(563)
Social Security contribution	803,591	791,114	12,477
Reimbursements	73,400	60,589	12,811
Unemployment compensation	45,000	5,121	39,879
Workers' compensation	314,571	299,666	14,905
Sick pay	176,892	210,689	(33,797)
Retirement incentive	15,000	15,000	-
Annuity	-	65,644	(65,644)
Instructional services	138,268	137,774	494
Staff and curriculum development	25,000	47,557	(22,557)
Professional development	31,050	65,501	(34,451)
Other professional and technical services	1,132,014	1,073,522	58,492
Legal services	95,601	158,974	(63,373)
Water Service	17,048	17,605	(557)
Sewer Service	49,504	45,144	4,360
Professional development	31,050	65,393	(34,343)
Maintenance and repairs	239,079	245,409	(6,330)
Rentals	1,675	2,424	(749)
Pupil transportation	2,159,144	2,008,030	151,114
Insurance - property	119,976	124,809	(4,833)
Insurance - liability	108,600	123,555	(14,955)
Other insurance	23,030	24,273	(1,243)
Communications	58,569	53,982	4,587
Postage	28,600	23,152	5,448
Advertising	1,700	4,308	(2,608)
Public tuition	705,022	654,403	50,619
Private tuition	1,356,376	1,536,445	(180,069)
Travel and conference	125,732	126,336	(604)
Other purchased services	53,940	45,352	8,588
Instructional supplies	349,501	356,817	(7,316)
Software	234,282	233,973	309
Maintenance and custodial	227,798	252,795	(24,997)
Fuel oil	150,021	193,049	(43,028)
Electricity	974,213	1,037,345	(63,132)
Natural gas	114,574	82,766	31,808
Propane	28,316	21,976	6,340
Transportation supplies	253,372	275,286	(21,914)
Textbooks	195,900	219,030	(23,130)
Library books, periodicals	35,724	34,570	1,154
Other supplies	154,750	151,356	3,394
Equipment	226,368	242,492	(16,124)
Membership dues and fees	41,116	41,335	(219)
Building committee	500	-	500
Capital projects	52,501	39,199	13,302
<b>Total</b>	<b>\$ 44,768,410</b>	<b>\$ 44,742,326</b>	<b>\$ 26,084</b>

Town of Waterford, Connecticut

Report of Tax Collector  
For the Year Ended June 30, 2015

Grand List	Uncollected Taxes July 1, 2014	Current Levy	Lawful Corrections		Transfers to Suspende	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2015					
			Additions	Deductions			Taxes	Interest	Lien Fees	Total						
2013	\$ -	\$ 79,312,422	\$ 74,407	\$ 440,541	\$ 1,701	\$ 78,944,587	\$ 78,330,872	\$ 118,175	\$ 1,098	\$ 78,450,145	\$ 613,715					
2012	639,069	-	2,376	248,252	8,191	385,002	170,668	55,175	2,496	228,339	214,334					
2011	358,582	-	153	704	19,976	338,055	66,838	28,268	550	95,656	271,217					
2010	244,254	-	-	88	13,393	230,773	38,276	23,521	422	62,219	192,497					
2009	140,593	-	10	-	2,974	137,629	26,594	26,684	288	53,566	111,035					
2008	81,555	-	10	-	349	81,216	18,571	12,806	192	31,569	62,645					
2007	49,217	-	3	-	367	48,853	7,232	5,240	96	12,568	41,621					
2006	23,530	-	-	-	430	23,100	2,404	2,188	48	4,640	20,696					
2005	12,165	-	-	-	536	11,629	1,093	3,413	48	4,554	10,536					
2004	11,301	-	-	-	297	11,004	1,992	1,052	24	3,068	9,012					
2003	6,359	-	-	-	-	6,359	482	1,300	24	1,806	5,877					
2002	6,063	-	-	-	-	6,063	590	1,695	48	2,333	5,473					
2001	3,322	-	-	-	-	3,322	451	1,102	24	1,577	2,871					
2000	2,101	-	-	-	-	2,101	413	972	24	1,409	1,688					
1999	532	-	-	-	-	532	-	-	-	-	532					
<b>\$ 1,578,643</b>							<b>\$ 79,312,422</b>	<b>\$ 76,959</b>	<b>\$ 689,585</b>	<b>\$ 48,214</b>	<b>\$ 80,230,225</b>	<b>78,666,476</b>	<b>281,591</b>	<b>5,382</b>	<b>78,953,449</b>	<b>\$ 1,563,749</b>
Suspense collections							2,610	-	-	2,610						
Total collections							<u>\$ 78,669,086</u>	<u>\$ 281,591</u>	<u>\$ 5,382</u>	78,956,059						
Property taxes receivable - considered available:																
June 30, 2014														(113,436)		
June 30, 2015														64,278		
Total														<u>\$ 78,906,901</u>		

Town of Waterford, Connecticut

Schedule of Water Main Assessments Receivable  
For the Year Ended June 30, 2015

Contract Number	Principal Uncollected July 1, 2014	Interest and Liens Uncollected July 1, 2014	New Contracts	Interest and Liens Billed	Lawful Corrections				Collections				Principal Balance Uncollected Taxes June 30, 2015	Interest and Lien Fees Uncollected June 30, 2015	Balance Uncollected June 30, 2015
					Principal Additions	Principal Deductions	Interest and Liens Additions	Interest and Liens Deductions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total			
69	\$ 716	\$ 1,457	\$ -	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ 716	\$ 220	\$ -	\$ 936	\$ -	\$ 1,315	\$ 1,315
75	620	534	-	112	-	-	-	-	-	-	-	-	620	646	1,266
	<u>\$ 1,336</u>	<u>\$ 1,991</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 716</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>936</u>	<u>\$ 620</u>	<u>\$ 1,961</u>	<u>\$ 2,581</u>
Water assessment receivable considered available:															
June 30, 2014												(110)			
June 30, 2015												<u>280</u>			
<b>Total</b>												<u><u>\$ 1,106</u></u>			

Town of Waterford, Connecticut

Schedule of Sewer Assessments Receivable  
For the Year Ended June 30, 2015

Contract Number	Principal Uncollected July 1, 2014	Interest and Lien Fees Uncollected July 1, 2014	New Contracts	Lawful Corrections				Collections				Principal Balance Uncollected Taxes June 30, 2015	Interest and Lien Fees Uncollected June 30, 2015	Balance Uncollected June 30, 2015	
				Additions	Deductions	Interest and Lien Additions	Interest and Lien Deletions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total				
51/52A	\$ 412	\$ 1,224	\$ -	\$ -	\$ -	\$ 74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ 1,298	\$ 1,710
60	2,154	1,087	-	-	-	388	-	486	42	-	-	528	2,154	1,475	3,629
69	486	6	-	-	-	36	-	-	-	-	-	-	-	-	-
74	666	745	-	-	-	120	-	-	-	-	-	-	666	865	1,531
75	1,887	1,744	-	-	-	339	-	-	-	-	-	-	1,887	2,083	3,970
	<u>\$ 5,605</u>	<u>\$ 4,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957</u>	<u>\$ -</u>	<u>\$ 486</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>528</u>	<u>\$ 5,119</u>	<u>\$ 5,721</u>	<u>\$ 10,840</u>

Sewer assessment receivable considered available:

June 30, 2014

(75)

June 30, 2015

-

**Total**

\$ 453

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## **Nonmajor Governmental Funds**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Special Education Grants	State and federal grant	School related programs
School Cafeteria	Sale of food and grants	School Lunch Program
Drug Enforcement Grant	Federal and State forfeited property	Drug enforcement and education
Youth Services	Donations/admission fees	Youth Program
Water	Rentals received from telephone companies for antennas on water towers	Maintenance of water towers and infrastructure
Contributed Gifts	Donations	Expenditure of donations for various purposes
Senior Citizens	Charges for services/donations	Senior citizen activities
CTIC Grant	State grant	Homeland Security
Youth Services DMHAS Grant	Local Prevention Council Program Grant	Youth Services Alcohol & Drug Abuse Prevention Program
Police Seatbelt Check Grant	State grant	Click It or Ticket Seat Belt Enforcement
Nuclear Safety Emergency Preparedness	State grant	Nuclear Safety Preparedness Program
Comprehensive DUI Enforcement Program Grant	State grant	Regional Check Points to Enforce Drinking Under the Influence Laws
Federal Highway Rural Road Speed Enforcement Grant	Federal grant	High Visibility Speed Enforcement for Local Roads
Historic Properties	Donations	Donations to the Historic Properties Commission
Jordan Mill Pond Fishway Grant	State and other agency grants	Construct a Fishway to promote spawning
Harbor Management Grant	Docking and mooring fees	Harbor Management
Youth Services Enhancement Grant	State grant	To promote youth developmental activities
Senior Services Waterford Education Foundation Grant	Grant from Waterford Education Foundation/ Participate fees	Technology Camp for Seniors
New London County Cold Case Unit Grant	State Stipend	Police Officers participating in County effort to solve Cold Cases
Millstone Mentoring Grant	Millstone Grant	To fund the Youth Services Mentoring Program
Small Cities Grant	State Community Development Block Grant (CDBG) funds and loans payments	Waterford Housing Rehabilitation Program
DEMAHS 2011 Port Security Grant	Department of Homeland Security and Emergency Management Grant	Training and Equipment for a regional dive team
C-Pace Grant	Funding through the Connecticut Property Assessed Clean Energy (C-PACE)	Program for businesses to upgrade to promote energy efficiency and clean energy projects
Small Cities Grant II	State Community Development Block Grant (CDBG) funds and loans payments	Waterford Housing Rehabilitation Program

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds, Continued***

Fund	Funding Source	Function
CT Trust for Historic Properties 2013 Vibrant Communities Initiative Grant	CT Trust for Historic Properties	Development of overall master plan that protects Historic resources for Jordan Village & Streetscape that connects to Civic Triangle
DEMAHS 2013 Port Security Grant	Department of Homeland Security and Emergency Management Grant	Training and equipment for a regional dive team
Mago Point Park STEAP Grant	CT Department of Economic and Community Development Small Town Economic Assistance Program	Improvements to Mago Point Park
CT State Library Targeted Grant	CT State Library Grant funded through the Historic Documents Preservation Program	Storage of public records
DEMAHS 2014 Port Security Grant	Department of Homeland Security and Emergency Management Grant	Training and equipment for a regional dive team
JAG 2015 Violence Crime Prevention Grant	Edward Byrne Memorial Justice Assistance Grant	Purchase of police equipment
Distracted Driving Enforcement Grant	Department of Transportation Federal Grant	Enforcement of distracted driving laws

### ***Capital Projects Funds***

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

Fund	Funding Source	Function
Fleet Management	Transfers, sales and rental of vehicles and equipment	Program for equipment and vehicle replacement
Sewer Maintenance and Development	Sewer connection fees	Maintenance of existing sewer system assets of Utility Commission
Animal Control Facility	Donations	Construction of a new animal shelter
Capital Improvement	General Fund	Various capital projects
Early Childhood Learning Center	State Grants	Construction of a District Magnet School
Oswegatchie Elementary School Project Fund	Capital and Nonrecurring Fund and State Grants	School renovation
Great Neck Elementary School	Capital and Nonrecurring Bond Proceeds and State Grants	School renovation
Quaker Hill Elementary School Project	Capital and Nonrecurring Fund and State Grants	School construction

### ***Permanent Funds***

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Hammond Memorial Trust** - To account for funds established for maintenance of the family grave plot.



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Town of Waterford, Connecticut

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special Revenue				
	Special Education Grants	School Cafeteria	Drug Enforcement Grant	Youth Services	Water
<b>Assets</b>					
Cash and cash equivalents	\$ 391,184	\$ 163,310	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables, net of allowances for uncollectibles:					
Accounts receivable	-	3,392	-	76	-
Intergovernmental	2,208	86,754	-	-	-
Due from other funds	-	-	24,388	79,087	545,768
Prepaid Expenses	-	-	-	-	-
Inventories	-	8,316	-	-	-
<b>Total assets</b>	<b>\$ 393,392</b>	<b>\$ 261,772</b>	<b>\$ 24,388</b>	<b>\$ 79,163</b>	<b>\$ 545,768</b>
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 3,051	\$ 16,328	\$ -	\$ 1,749	\$ -
Accrued liabilities	37,210	6,771	-	17,659	1,318
Due to other funds	194,169	2,730	-	-	-
Unearned revenue	153,543	-	-	40,782	-
<b>Total liabilities</b>	<b>387,973</b>	<b>25,829</b>	<b>-</b>	<b>60,190</b>	<b>1,318</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	8,316	-	-	-
Restricted	5,419	227,627	24,388	18,973	-
Committed	-	-	-	-	544,450
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>5,419</b>	<b>235,943</b>	<b>24,388</b>	<b>18,973</b>	<b>544,450</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 393,392</b>	<b>\$ 261,772</b>	<b>\$ 24,388</b>	<b>\$ 79,163</b>	<b>\$ 545,768</b>

Special Revenue

Contributed Gifts	Senior Citizens	CTIC Grant	Youth Services DMHAS Grant	Police Seatbelt Check Grant	Nuclear Safety Emergency Preparedness
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	500	-	-	-	-
-	-	-	-	-	5,578
11,657	32,127	-	401	-	-
-	2,320	-	-	-	-
-	-	-	-	-	-
<u>\$ 11,657</u>	<u>\$ 34,947</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 5,578</u>
\$ -	\$ 3,705	\$ -	\$ -	\$ -	\$ 5,578
-	-	-	-	-	-
-	-	-	-	-	-
-	8,696	-	-	-	-
-	<u>12,401</u>	-	-	-	<u>5,578</u>
-	317	-	-	-	5,578
-	<u>317</u>	-	-	-	<u>5,578</u>
-	2,320	-	-	-	-
11,657	19,909	-	401	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(5,578)
<u>11,657</u>	<u>22,229</u>	<u>-</u>	<u>401</u>	<u>-</u>	<u>(5,578)</u>
<u>\$ 11,657</u>	<u>\$ 34,947</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ 5,578</u>

(Continued)

Town of Waterford, Connecticut

Combining Balance Sheet  
 Nonmajor Governmental Funds (Continued)  
 June 30, 2015

	Special Revenue Funds				
	Comprehensive DUI Enforcement Program Grant	Federal Highway Rural Road Speed Enforcement Grant	Historic Properties	Jordan Mill Pond Fishway Grant	Harbor Management Fund
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables, net of allowances for uncollectibles:					
Accounts receivable	-	-	-	-	-
Intergovernmental	2,029	-	-	-	-
Due from other funds	-	-	849	10,753	38,608
Prepaid Expenses	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,029</b>	<b>\$ -</b>	<b>\$ 849</b>	<b>\$ 10,753</b>	<b>\$ 38,608</b>
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	2,029	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>2,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	849	10,753	38,608
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>849</b>	<b>10,753</b>	<b>38,608</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 2,029</b>	<b>\$ -</b>	<b>\$ 849</b>	<b>\$ 10,753</b>	<b>\$ 38,608</b>

Special Revenue Funds

Youth Services Enhancement Grant	Senior Services Waterford Education Foundation Grant	NL County Cold Case Unit Grant Fund	Millstone Mentoring Grant	Small Cities Grant	DEMAHS 2011 Port Security Grant	C-Pace Grant
\$ -	\$ -	\$ -	\$ -	\$ 384	\$ -	\$ -
-	-	-	-	-	-	-
-	512	1,529	-	-	-	2,322
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 1,529</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 2,322</u>
\$ -	\$ -	\$ 51	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	384	-	-
-	-	-	-	-	-	-
-	-	51	-	384	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	512	1,478	-	-	-	2,322
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	512	1,478	-	-	-	2,322
<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 1,529</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 2,322</u>

(Continued)

Town of Waterford, Connecticut

Combining Balance Sheet  
 Nonmajor Governmental Funds (Continued)  
 June 30, 2015

	Special Revenue Funds			
	Small Cities Grant II	CTHP 2013 Vibrant Communities Grant	DEMAHS 2013 Port Security Grant	Mago Point Park STEAP Grant
<b>Assets</b>				
Cash and cash equivalents	\$ 186,784	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables, net of allowances for uncollectibles:				
Accounts receivable	-	-	-	-
Intergovernmental	-	-	17,381	61,979
Due from other funds	-	-	-	-
Prepaid Expenses	-	-	-	-
Inventories	-	-	-	-
<b>Total assets</b>	<b>\$ 186,784</b>	<b>\$ -</b>	<b>\$ 17,381</b>	<b>\$ 61,979</b>
<b>Liabilities and Fund Balances (Deficits)</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,403	\$ -	\$ 9,889	\$ 15,737
Accrued liabilities	-	-	-	-
Due to other funds	51,154	-	7,492	46,242
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>61,557</b>	<b>-</b>	<b>17,381</b>	<b>61,979</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	17,381	61,979
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>17,381</b>	<b>61,979</b>
<b>Fund Balances (Deficits)</b>				
Nonspendable	-	-	-	-
Restricted	125,227	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(17,381)	(61,979)
<b>Total fund balances (deficits)</b>	<b>125,227</b>	<b>-</b>	<b>(17,381)</b>	<b>(61,979)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 186,784</b>	<b>\$ -</b>	<b>\$ 17,381</b>	<b>\$ 61,979</b>

Special Revenue Funds				Capital Projects Funds		
CT State Library Targeted Grant	DEMAHS 2014 Port Security Grant	JAG 2015 Violence Crime Prevention Grant	Distracted Driving Enforcement Grant	Fleet Management	Sewer Maintenance & Development	Animal Control Facility
\$ -	\$ -	\$ -	\$ -	\$ 3,104,055	\$ 554,907	\$ -
-	-	-	-	-	-	-
-	-	-	-	4,566	3,787	-
-	9,800	265	3,346	27,089	-	-
-	-	-	-	3,840	-	201,104
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 265</u>	<u>\$ 3,346</u>	<u>\$ 3,139,550</u>	<u>\$ 558,694</u>	<u>\$ 201,104</u>
\$ -	\$ -	\$ -	\$ -	\$ 37,723	\$ 59,131	\$ -
-	-	-	-	-	-	-
-	9,800	265	3,346	-	72,888	-
-	-	-	-	-	-	-
<u>-</u>	<u>9,800</u>	<u>265</u>	<u>3,346</u>	<u>37,723</u>	<u>132,019</u>	<u>-</u>
-	9,800	265	-	27,089	3,787	-
-	9,800	265	-	27,089	3,787	-
-	-	-	-	-	-	-
-	-	-	-	-	422,888	201,104
-	-	-	-	3,074,738	-	-
-	-	-	-	-	-	-
-	(9,800)	(265)	-	-	-	-
<u>-</u>	<u>(9,800)</u>	<u>(265)</u>	<u>-</u>	<u>3,074,738</u>	<u>422,888</u>	<u>201,104</u>
<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 265</u>	<u>\$ 3,346</u>	<u>\$ 3,139,550</u>	<u>\$ 558,694</u>	<u>\$ 201,104</u>

(Continued)

Town of Waterford, Connecticut

Combining Balance Sheet  
 Nonmajor Governmental Funds (Continued)  
 June 30, 2015

	Capital Projects Funds				
	Capital Improvement	Early Childhood Learning Center	Oswegatchie Elementary School Project Fund	Great Neck Elementary School Project	Quaker Hill Elementary School Bldg Project
<b>Assets</b>					
Cash and cash equivalents	\$ 150,861	\$ -	\$ 667	\$ 241	\$ 431
Investments	-	-	-	-	-
Receivables, net of allowances for uncollectibles:					
Accounts receivable	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	35,358	549,784	-	-	-
Prepaid Expenses	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ 186,219</b>	<b>\$ 549,784</b>	<b>\$ 667</b>	<b>\$ 241</b>	<b>\$ 431</b>
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	366,901	353,562	258,930
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>366,901</b>	<b>353,562</b>	<b>258,930</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	549,784	-	-	-
Assigned	186,219	-	-	-	-
Unassigned	-	-	(366,234)	(353,321)	(258,499)
<b>Total fund balances (deficits)</b>	<b>186,219</b>	<b>549,784</b>	<b>(366,234)</b>	<b>(353,321)</b>	<b>(258,499)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 186,219</b>	<b>\$ 549,784</b>	<b>\$ 667</b>	<b>\$ 241</b>	<b>\$ 431</b>

<u>Permanent Fund</u>		<u>Total Nonmajor Governmental Funds</u>
Hammond Memorial Trust		
\$ 51		\$ 4,552,875
142,544		142,544
-		12,321
-		216,429
-		1,538,087
-		2,320
-		8,316
<hr/>		
\$ 142,595		\$ 6,472,892

\$ -		\$ 163,345
-		62,958
3,700		1,373,592
-		203,021
<hr/>		
3,700		1,802,916

-		126,196
<hr/>		

-		126,196
<hr/>		

138,895		149,531
-		1,112,115
-		4,168,972
-		186,219
-		(1,073,057)
<hr/>		
138,895		4,543,780

\$ 142,595		\$ 6,472,892
<hr/>		

Town of Waterford, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2015

	Special Revenue Funds				
	Special Education Grants	School Cafeteria	Drug Enforcement Grant	Youth Services	Water
<b>Revenues</b>					
Intergovernmental	\$ 1,097,469	\$ 531,531	\$ 6,318	\$ -	\$ -
Charges for goods and services	-	603,353	-	102,354	57,531
Income on investments	-	14	-	-	-
Miscellaneous	10,250	-	-	10,941	97,941
<b>Total revenues</b>	<b>1,107,719</b>	<b>1,134,898</b>	<b>6,318</b>	<b>113,295</b>	<b>155,472</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	12,412	-	-
Public Works	-	-	-	-	48,939
Recreation	-	-	-	-	-
Social Services	-	-	-	154,002	-
Education	1,107,713	1,159,685	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>1,107,713</b>	<b>1,159,685</b>	<b>12,412</b>	<b>154,002</b>	<b>48,939</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>6</b>	<b>(24,787)</b>	<b>(6,094)</b>	<b>(40,707)</b>	<b>106,533</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>6</b>	<b>(24,787)</b>	<b>(6,094)</b>	<b>(40,707)</b>	<b>106,533</b>
Fund Balance (Deficit), Beginning of Year	5,413	260,730	30,482	59,680	437,917
Fund Balance (Deficit), End of Year	<b>\$ 5,419</b>	<b>\$ 235,943</b>	<b>\$ 24,388</b>	<b>\$ 18,973</b>	<b>\$ 544,450</b>

Special Revenue Funds

Contributed Gifts	Senior Citizens	CTIC Grant	Youth Services DMHAS Grant	Police Seatbelt Check Grant	Nuclear Safety Emergency Preparedness
\$ -	\$ -	\$ 20,000	\$ 3,300	\$ 2,300	\$ 26,146
-	57,186	-	-	-	-
-	-	-	-	-	-
3,925	17,663	-	-	-	-
<u>3,925</u>	<u>74,849</u>	<u>20,000</u>	<u>3,300</u>	<u>2,300</u>	<u>26,146</u>
-	-	-	-	-	-
1,652	-	20,000	-	2,300	26,831
-	-	-	-	-	-
20,892	-	-	-	-	-
-	76,249	-	3,221	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,544</u>	<u>76,249</u>	<u>20,000</u>	<u>3,221</u>	<u>2,300</u>	<u>26,831</u>
(18,619)	(1,400)	-	79	-	(685)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(18,619)	(1,400)	-	79	-	(685)
30,276	23,629	-	322	-	(4,893)
<u>\$ 11,657</u>	<u>\$ 22,229</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ -</u>	<u>\$ (5,578)</u>

(Continued)

Town of Waterford, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2015

	Special Revenue Funds				
	Comprehensive DUI Enforcement Program Grant	Federal Highway Rural Road Speed Enforcement Grant	Historic Properties	Jordan Mill Pond Fishway Grant	Harbor Management Fund
<b>Revenues</b>					
Intergovernmental	\$ 18,378	\$ 12,731	\$ -	\$ -	\$ -
Charges for goods and services	-	-	-	-	6,975
Income on investments	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>18,378</b>	<b>12,731</b>	<b>-</b>	<b>-</b>	<b>6,975</b>
<b>Expenditures</b>					
Current:					
General government	-	-	600	-	3,481
Public Safety	18,378	12,731	-	-	-
Public Works	-	-	-	-	-
Recreation	-	-	-	-	-
Social Services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>18,378</b>	<b>12,731</b>	<b>600</b>	<b>-</b>	<b>3,481</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>(600)</b>	<b>-</b>	<b>3,494</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>(600)</b>	<b>-</b>	<b>3,494</b>
Fund Balance (Deficit), Beginning of Year	-	-	1,449	10,753	35,114
Fund Balance (Deficit), End of Year	\$ -	\$ -	\$ 849	\$ 10,753	\$ 38,608

Special Revenue Funds

Youth Services Enhancement Grant	Services Waterford Education Foundation Grant	NL County Cold Case Unit Grant Fund	Millstone Mentoring Grant	Small Cities Grant	DEMAHS 2011 Port Security Grant	C-Pace Grant
\$ 6,171	\$ 750	\$ -	\$ -	\$ 78,887	\$ 123,135	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,171	750	-	-	78,887	123,135	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,171	565	-	1,000	78,887	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,171	565	782	1,000	78,887	74,130	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	185	(782)	(1,000)	-	49,005	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	185	(782)	(1,000)	-	49,005	-
-	327	2,260	1,000	-	(49,005)	2,322
\$ -	\$ 512	\$ 1,478	\$ -	\$ -	\$ -	\$ 2,322

(Continued)

Town of Waterford, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2015

	Special Revenue Funds			
	Small Cities Grant II	CTHP 2013 Vibrant Communities Grant	DEMAHS 2013 Port Security Grant	Mago Point Park STEAP Grant
<b>Revenues</b>				
Intergovernmental	\$ 225,123	\$ 45,000	\$ 31,055	\$ -
Charges for goods and services	-	-	-	-
Income on investments	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>225,123</b>	<b>45,000</b>	<b>31,055</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
General government	-	5,099	-	61,979
Public Safety	-	-	48,436	-
Public Works	-	-	-	-
Recreation	-	-	-	-
Social Services	99,896	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>99,896</b>	<b>5,099</b>	<b>48,436</b>	<b>61,979</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>125,227</b>	<b>39,901</b>	<b>(17,381)</b>	<b>(61,979)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>125,227</b>	<b>39,901</b>	<b>(17,381)</b>	<b>(61,979)</b>
Fund Balance (Deficit), Beginning of Year	-	(39,901)	-	-
Fund Balance (Deficit), End of Year	\$ 125,227	\$ -	\$ (17,381)	\$ (61,979)

Special Revenue Funds				Capital Projects Funds		
CT State Library Targeted Grant	DEMAHS 2014 Port Security Grant	JAG 2015 Violence Crime Prevention Grant	Distracted Driving Enforcement Grant	Fleet Management	Sewer Maintenance & Development	Animal Control Facility
\$ 5,000	\$ -	\$ 16,000	\$ 3,346	\$ -	\$ -	\$ -
-	-	-	-	35,024	27,956	-
-	-	-	-	5,327	1,149	-
-	-	-	-	70,113	-	41,857
5,000	-	16,000	3,346	110,464	29,105	41,857
5,000	-	-	-	-	-	-
-	9,800	16,265	3,346	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,184,943	565,507	-
5,000	9,800	16,265	3,346	1,184,943	565,507	-
-	(9,800)	(265)	-	(1,074,479)	(536,402)	41,857
-	-	-	-	1,250,000	-	-
-	-	-	-	-	-	-
-	-	-	-	1,250,000	-	-
-	(9,800)	(265)	-	175,521	(536,402)	41,857
-	-	-	-	2,899,217	959,290	159,247
\$ -	\$ (9,800)	\$ (265)	\$ -	\$ 3,074,738	\$ 422,888	\$ 201,104

(Continued)

Town of Waterford, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds (Continued)  
 For the Year Ended June 30, 2015

	Capital Projects Funds				
	Capital Improvement	Early Childhood Learning Center	Oswegatchie Elementary School Project Fund	Great Neck Elementary School Project	Quaker Hill Elementary School Project
<b>Revenues</b>					
Intergovernmental	\$ 23,916	\$ -	\$ -	\$ -	\$ -
Charges for goods and services	-	-	-	-	-
Income on investments	-	-	1	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>23,916</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Recreation	-	-	-	-	-
Social Services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	53,941	-	8,460	8,461	8,451
<b>Total expenditures</b>	<b>53,941</b>	<b>-</b>	<b>8,460</b>	<b>8,461</b>	<b>8,451</b>
<b>123135</b>					
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(30,025)</b>	<b>-</b>	<b>(8,459)</b>	<b>(8,461)</b>	<b>(8,451)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,317,000	-	-	-	-
Transfers out	(1,250,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>67,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>36,975</b>	<b>-</b>	<b>(8,459)</b>	<b>(8,461)</b>	<b>(8,451)</b>
Fund Balance (Deficit), Beginning of Year	149,244	549,784	(357,775)	(344,860)	(250,048)
Fund Balance (Deficit), End of Year	\$ 186,219	\$ 549,784	\$ (366,234)	\$ (353,321)	\$ (258,499)

Permanent Fund			
Hammond Memorial Trust		Total Nonmajor Governmental Funds	
\$ -	\$	2,276,556	
-		890,379	
3,062		9,553	
-		252,690	
<u>3,062</u>		<u>3,429,178</u>	
5,000		81,159	
-		247,063	
-		48,939	
-		20,892	
-		419,991	
-		2,267,398	
-		1,829,763	
<u>5,000</u>		<u>4,915,205</u>	
(1,938)		(1,486,027)	
-		2,567,000	
-		(1,250,000)	
-		1,317,000	
(1,938)		(169,027)	
<u>140,833</u>		<u>4,712,807</u>	
<u>\$ 138,895</u>	<u>\$</u>	<u>4,543,780</u>	

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**Fiduciary Funds**

## **Fiduciary Funds**

### ***Agency Funds***

**Student Activities Fund** - To account for monies from various self-funding school activity programs.

**Student Scholarship Fund** - To account for financial assistance provided to local residents.

**Performance Bonds Fund** - To account for cash bonds posted by contractors, developers and others.

Town of Waterford, Connecticut

Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>School Activity Fund</b>				
Assets				
Cash and cash equivalents	\$ 147,820	\$ 331,211	\$ 335,369	\$ 143,662
Investments	23,906	131	-	24,037
<b>Total assets</b>	<b>171,726</b>	<b>331,342</b>	<b>335,369</b>	<b>167,699</b>
Liabilities				
Due to student groups and other	171,726	331,342	335,369	167,699
<b>Total liabilities</b>	<b>171,726</b>	<b>331,342</b>	<b>335,369</b>	<b>167,699</b>
<b>Student Scholarship Fund</b>				
Assets				
Cash and cash equivalents	53,203	82,680	47,220	88,663
Investments	289,992	932	40,633	250,291
<b>Total assets</b>	<b>343,195</b>	<b>83,612</b>	<b>87,853</b>	<b>338,954</b>
Liabilities				
Due to student groups and other	343,195	83,612	87,853	338,954
<b>Total liabilities</b>	<b>343,195</b>	<b>83,612</b>	<b>87,853</b>	<b>338,954</b>
<b>Performance Bonds</b>				
Assets				
Cash and cash equivalents	342,502	104,297	78,079	368,720
<b>Total assets</b>	<b>342,502</b>	<b>104,297</b>	<b>78,079</b>	<b>368,720</b>
Liabilities				
Due to contractors	342,502	104,297	78,079	368,720
<b>Total liabilities</b>	<b>342,502</b>	<b>104,297</b>	<b>78,079</b>	<b>368,720</b>
<b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 543,525	\$ 518,188	\$ 460,668	\$ 601,045
Investments	313,898	1,063	40,633	274,328
<b>Total assets</b>	<b>\$ 857,423</b>	<b>\$ 519,251</b>	<b>\$ 501,301</b>	<b>\$ 875,373</b>
Liabilities				
Due to student groups and others	\$ 514,921	\$ 414,954	\$ 423,222	\$ 506,653
Due to contractors	342,502	104,297	78,079	368,720
<b>Total liabilities</b>	<b>\$ 857,423</b>	<b>\$ 519,251</b>	<b>\$ 501,301</b>	<b>\$ 875,373</b>

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**Capital Assets Used in the  
Operation of Governmental Funds**

## **Capital Assets Used in the Operation of Governmental Funds**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The Town's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are recorded based on a threshold of \$5,000. Provision for depreciation is not included in the schedules.

Town of Waterford, Connecticut

**Capital Assets Used in the Operation of Governmental Funds -  
By Category and Source  
June 30, 2015**

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Capital Assets	
Land	\$ 8,017,930
Land improvements	2,470,776
Buildings and improvements	241,956,812
Machinery, furniture and equipment	14,812,480
Vehicles	12,847,458
Infrastructure	102,243,081
Software	531,516
Permanent easements	5,000
Construction work in progress	711,561
	<hr/>
<b>Total capital assets</b>	<b>\$ 383,596,614</b>
	<hr/> <hr/>
Investment in Capital Assets by Source	
General Fund	\$ 134,683,457
Special Revenue	51,622,644
Capital Projects	190,552,938
Donated	6,737,575
	<hr/>
<b>Total capital assets by source</b>	<b>\$ 383,596,614</b>
	<hr/> <hr/>

Town of Waterford, Connecticut

Capital Assets Used in the Operations of Governmental Funds -  
 Schedule by Function and Activity - Gross  
 June 30, 2015

	Land	Land Improvements	Buildings and Improvements	Machinery, Furniture and Equipment	Vehicles	Infrastructure	Software	Permanent Leases	Construction In Progress	Total
General										
government	\$ 3,540,472	\$ 305,135	\$ 5,535,108	\$ 1,018,169	\$ 105,655	\$ -	\$ 67,129	\$ -	\$ -	\$ 10,571,668
Public Safety	50,000	132,820	6,698,017	5,788,037	7,156,302	-	345,862	-	-	20,171,038
Public Works	691,023	242,277	4,842,084	1,309,357	4,606,673	101,933,998	54,238	5,000	711,561	114,396,211
Recreation	2,063,320	740,006	8,577,136	459,679	350,842	309,083	11,397	-	-	12,511,463
Library	30,000	102,861	2,304,387	222,263	-	-	-	-	-	2,659,511
Social Services	246,606	49,717	3,668,076	53,582	157,923	-	-	-	-	4,175,904
Education	1,396,509	897,960	210,332,004	5,961,393	470,063	-	52,890	-	-	219,110,819
<b>Total</b>	<b>\$ 8,017,930</b>	<b>\$ 2,470,776</b>	<b>\$ 241,956,812</b>	<b>\$ 14,812,480</b>	<b>\$ 12,847,458</b>	<b>\$ 102,243,081</b>	<b>\$ 531,516</b>	<b>\$ 5,000</b>	<b>\$ 711,561</b>	<b>\$ 383,596,614</b>

Town of Waterford, Connecticut

**Capital Assets Used in the Operation of Governmental Funds -  
 Schedule of Changes by Function and Activity - Gross  
 For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions and Transfers	Retirements and Transfers	Balance June 30, 2015
General government	\$ 10,330,649	\$ 1,239,658	\$ 998,639	\$ 10,571,668
Public Safety	20,207,301	765,165	801,428	20,171,038
Public Works	113,446,496	2,129,676	1,179,961	114,396,211
Recreation	8,228,365	4,497,075	213,977	12,511,463
Library	2,659,511	-	-	2,659,511
Social Services	4,183,339	-	7,435	4,175,904
Education	219,020,386	90,433	-	219,110,819
<b>Total</b>	<b>\$ 378,076,047</b>	<b>\$ 8,722,007</b>	<b>\$ 3,201,440</b>	<b>\$ 383,596,614</b>

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**Statistical Section**

## **Statistical Section**

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).

Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.

Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.

Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

Town of Waterford, Connecticut

Net Position by Component  
Last Ten Fiscal Years - Unaudited  
(In Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net Investment in capital assets	\$ 174,913	\$ 173,491	\$ 178,578	\$ 176,727	\$ 172,218	\$ 172,656	\$ 169,618	\$ 154,512	\$ 142,566	\$ 134,441
Restricted	216	178	169	139	532	98	84	115	129	107
Unrestricted	(5,725)	5,299	3,661	5,367	9,293	20,181	25,163	36,771	45,883	46,217
<b>Total governmental activities net position</b>	<b>\$ 169,404</b>	<b>\$ 178,968</b>	<b>\$ 182,408</b>	<b>\$ 182,233</b>	<b>\$ 182,043</b>	<b>\$ 192,935</b>	<b>\$ 194,865</b>	<b>\$ 191,398</b>	<b>\$ 188,578</b>	<b>\$ 180,765</b>
Business-type activities										
Net Investment in capital assets	\$ 54,835	\$ 55,840	\$ 57,974	\$ 56,785	\$ 57,533	\$ 60,900	\$ 61,727	\$ 62,975	\$ 61,905	\$ 63,682
Restricted	-	-	-	346	-	-	-	-	-	-
Unrestricted	2,765	2,194	1,379	794	1,260	481	241	445	163	796
<b>Total business-type activities net position</b>	<b>\$ 57,600</b>	<b>\$ 58,034</b>	<b>\$ 59,353</b>	<b>\$ 57,925</b>	<b>\$ 58,793</b>	<b>\$ 61,381</b>	<b>\$ 61,968</b>	<b>\$ 63,420</b>	<b>\$ 62,068</b>	<b>\$ 64,478</b>
Primary government										
Net Investment in capital assets	\$ 229,748	\$ 229,331	\$ 236,552	\$ 233,511	\$ 229,751	\$ 233,556	\$ 231,345	\$ 217,487	\$ 204,471	\$ 198,123
Restricted	216	178	169	485	532	98	84	115	129	107
Unrestricted	(2,960)	7,493	5,040	6,161	10,553	20,662	25,404	37,216	46,046	47,013
<b>Total primary government net position</b>	<b>\$ 227,004</b>	<b>\$ 237,002</b>	<b>\$ 241,761</b>	<b>\$ 240,157</b>	<b>\$ 240,836</b>	<b>\$ 254,316</b>	<b>\$ 256,833</b>	<b>\$ 254,818</b>	<b>\$ 250,646</b>	<b>\$ 245,243</b>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to record intangible assets when it implemented GASB 51 in fiscal year 2010.

Town of Waterford, Connecticut

Changes in Net Position  
Last Ten Fiscal Years - Unaudited  
(In Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
General government	\$ 13,676	\$ 12,699	\$ 12,041	\$ 12,304	\$ 11,283	\$ 9,927	\$ 9,738	\$ 8,283	\$ 8,654	\$ 9,790
Public Safety	10,640	10,167	10,337	10,155	10,131	11,333	9,213	8,198	8,387	8,247
Public Works	7,384	7,292	9,094	8,681	10,284	8,309	7,281	8,885	7,315	6,660
Recreation	1,822	1,741	1,706	1,646	1,992	2,125	1,914	1,927	1,721	1,725
Library	1,383	1,470	1,032	1,052	1,126	1,125	1,031	1,100	1,008	1,077
Social Services	3,254	3,282	1,297	1,243	1,312	1,477	1,222	1,259	1,118	1,097
Education	55,882	56,593	57,492	53,735	56,266	51,222	50,394	58,489	46,763	43,254
Interest and fiscal charges	3,096	2,809	2,521	886	1,124	1,373	2,038	1,014	-	-
<b>Total governmental activities expenses</b>	<b>97,137</b>	<b>96,053</b>	<b>95,520</b>	<b>89,702</b>	<b>93,518</b>	<b>86,891</b>	<b>82,831</b>	<b>89,155</b>	<b>74,966</b>	<b>71,850</b>
Business-Type Activities										
Utility Commission	5,178	5,666	4,531	6,004	7,109	4,693	5,002	4,387	4,090	3,896
<b>Total business-type activities expense</b>	<b>5,178</b>	<b>5,666</b>	<b>4,531</b>	<b>6,004</b>	<b>7,109</b>	<b>4,693</b>	<b>5,002</b>	<b>4,387</b>	<b>4,090</b>	<b>3,896</b>
<b>Total primary government net expense</b>	<b>102,315</b>	<b>101,719</b>	<b>100,051</b>	<b>95,706</b>	<b>100,627</b>	<b>91,584</b>	<b>87,833</b>	<b>93,542</b>	<b>79,056</b>	<b>75,746</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	1,168	1,181	1,533	1,191	1,120	929	871	1,052	1,149	1,198
Public Safety	201	258	162	119	117	119	75	194	74	105
Public Works	528	967	786	847	862	640	1,154	977	931	1,265
Recreation	213	184	173	166	150	162	137	149	151	140
Library	19	19	18	18	20	21	22	21	22	19
Social Services	189	187	130	109	112	116	104	139	126	110
Education	721	728	701	767	799	793	795	816	834	871
	3,039	3,524	3,503	3,217	3,180	2,780	3,158	3,348	3,287	3,708
Operating grants and contributions	8,874	9,940	8,859	8,878	8,504	8,197	7,691	18,845	6,096	5,751
Capital grants and contributions	6,163	1,584	6,596	5,706	2,372	8,401	4,935	8,684	5,328	8,287
<b>Total governmental activities program revenues</b>	<b>18,076</b>	<b>15,048</b>	<b>18,958</b>	<b>17,801</b>	<b>14,056</b>	<b>19,378</b>	<b>15,784</b>	<b>30,877</b>	<b>14,711</b>	<b>17,746</b>
Business-Type Activities										
Charges for services	3,797	3,914	3,621	3,752	3,781	3,447	3,363	2,890	1,875	2,220
Operating grants and contributions	2	8	-	-	-	-	-	-	-	-
Capital grants and contributions	945	423	2,685	1,383	740	658	172	280	338	254
<b>Total business-type activities program revenue</b>	<b>4,744</b>	<b>4,345</b>	<b>6,306</b>	<b>5,135</b>	<b>4,521</b>	<b>4,105</b>	<b>3,535</b>	<b>3,170</b>	<b>2,213</b>	<b>2,474</b>
<b>Total primary government program revenues</b>	<b>22,820</b>	<b>19,393</b>	<b>25,264</b>	<b>22,936</b>	<b>18,577</b>	<b>23,483</b>	<b>19,319</b>	<b>34,047</b>	<b>16,924</b>	<b>20,220</b>

**Notes:**

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.
- (3) The Town implemented GASB Statement 60 in fiscal year 2013.

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (Expense) Revenue										
Governmental activities	\$ (79,061)	\$ (81,005)	\$ (76,562)	\$ (71,901)	\$ (79,462)	\$ (67,514)	\$ (67,047)	\$ (58,278)	\$ (60,255)	\$ (54,104)
Business-type activities	(434)	(1,321)	1,775	(869)	(2,588)	(588)	(1,467)	(1,217)	(1,877)	(1,422)
<b>Total primary government net expense</b>	<b>(79,495)</b>	<b>(82,326)</b>	<b>(74,787)</b>	<b>(72,770)</b>	<b>(82,050)</b>	<b>(68,102)</b>	<b>(68,514)</b>	<b>(59,495)</b>	<b>(62,132)</b>	<b>(55,526)</b>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Property taxes	79,071	76,529	73,583	69,204	65,994	61,645	61,048	48,029	55,430	51,015
Grants and contributions not restricted to specific programs	830	779	953	975	1,920	2,880	7,477	7,001	8,629	9,904
Unrestricted investment earnings	158	137	168	222	222	498	1,366	2,741	3,419	2,606
Miscellaneous	7	120	1,687	1,689	434	561	372	136	53	665
Transfers	-	-	346	-	-	-	-	(2,568)	537	-
<b>Total governmental activities</b>	<b>80,066</b>	<b>77,565</b>	<b>76,737</b>	<b>72,090</b>	<b>68,570</b>	<b>65,584</b>	<b>70,263</b>	<b>55,339</b>	<b>68,068</b>	<b>64,190</b>
Business-Type Activities										
Unrestricted investment earnings	-	-	-	-	-	-	-	1	4	36
Miscellaneous	-	-	-	-	-	-	-	-	-	2
Transfers	-	-	(346)	-	-	-	-	2,568	(537)	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>(346)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,569</b>	<b>(533)</b>	<b>38</b>
<b>Total primary government</b>	<b>80,066</b>	<b>77,565</b>	<b>76,391</b>	<b>72,090</b>	<b>68,570</b>	<b>65,584</b>	<b>70,263</b>	<b>57,908</b>	<b>67,535</b>	<b>64,228</b>
Changes in Net Position										
Governmental activities	1,005	(3,440)	175	189	(10,892)	(1,930)	3,216	(2,939)	7,813	10,086
Business-type activities	(434)	(1,321)	1,429	(869)	(2,588)	(588)	(1,467)	1,352	(2,410)	(1,384)
<b>Total primary government</b>	<b>\$ 571</b>	<b>\$ (4,761)</b>	<b>\$ 1,604</b>	<b>\$ (680)</b>	<b>\$ (13,480)</b>	<b>\$ (2,518)</b>	<b>\$ 1,749</b>	<b>\$ (1,587)</b>	<b>\$ 5,403</b>	<b>\$ 8,702</b>

**Town of Waterford, Connecticut**

**Fund Balances - Governmental Funds  
Last Ten Fiscal Years - Unaudited  
(In Thousands)**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Fund</b>										
Nonspendable	\$ 67	\$ 29	\$ 43	\$ 31	\$ 400	\$ 51	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	10,437	8,991	9,455	9,664	-	-	-	-	-
Assigned	369	497	569	533	714	774	-	-	-	-
Unassigned	10,138	1,984	2,236	891	420	10,466	-	-	-	-
Reserved	-	-	-	-	-	-	999	631	555	694
Unreserved	-	-	-	-	-	-	11,079	19,368	10,865	12,231
<b>Total general fund</b>	<b>\$ 10,574</b>	<b>\$ 12,947</b>	<b>\$ 11,839</b>	<b>\$ 10,910</b>	<b>\$ 11,198</b>	<b>\$ 11,291</b>	<b>\$ 12,078</b>	<b>\$ 19,999</b>	<b>\$ 11,420</b>	<b>\$ 12,925</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 150	\$ 150	\$ 126	\$ 108	\$ 132	\$ 24	\$ -	\$ -	\$ -	\$ -
Restricted	1,112	1,574	1,497	1,433	1,425	21,383	-	-	-	-
Committed	14,367	12,746	13,269	13,634	18,590	3,095	-	-	-	-
Assigned	186	149	183	248	456	872	-	-	-	-
Unassigned	(6,021)	(5,844)	(18,255)	(41,121)	(31,233)	(37,324)	-	-	-	-
Reserved	-	-	-	-	-	-	115	126	144	118
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	33,688	21,884	30,959	29,584
Capital Projects Funds	-	-	-	-	-	-	(35,247)	(17,289)	(20,645)	(12,848)
<b>Total all other governmental funds</b>	<b>\$ 9,794</b>	<b>\$ 8,775</b>	<b>\$ (3,180)</b>	<b>\$ (25,698)</b>	<b>\$ (10,630)</b>	<b>\$ (11,950)</b>	<b>\$ (1,444)</b>	<b>\$ 4,721</b>	<b>\$ 10,458</b>	<b>\$ 16,854</b>

**Note:** Schedule prepared on the modified accrual basis of accounting.

Town of Waterford, Connecticut

Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years - Unaudited  
(In Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Property taxes	\$ 78,907	\$ 76,356	\$ 73,304	\$ 68,990	\$ 65,896	\$ 61,480	\$ 60,692	\$ 63,631	\$ 50,644	\$ 46,539
System benefit charge	-	-	-	-	1,088	2,058	6,545	6,103	7,711	9,022
Intergovernmental	12,055	13,140	16,929	13,903	11,951	15,258	15,015	24,740	15,442	9,843
Assessments and connections	1	145	50	7	66	54	35	73	97	237
Licenses and permits	1,040	1,028	1,387	1,043	880	884	814	1,112	1,173	1,259
Fines, penalties and charges for services	1,511	1,524	1,389	1,511	1,686	1,685	1,748	2,025	2,176	2,198
Income on investments	156	135	166	220	220	493	1,348	2,694	3,264	2,440
Miscellaneous	1,002	1,393	2,023	1,730	1,246	1,262	1,062	508	295	355
<b>Total revenues</b>	<b>94,672</b>	<b>93,721</b>	<b>95,248</b>	<b>87,404</b>	<b>83,033</b>	<b>83,174</b>	<b>87,259</b>	<b>100,886</b>	<b>80,802</b>	<b>71,893</b>
<b>Expenditures</b>										
Current:										
General government	12,290	11,837	11,409	11,394	9,734	8,652	8,464	7,983	8,345	8,310
Public Safety	9,690	9,269	9,055	8,636	8,424	8,688	8,150	7,665	7,533	7,238
Public Works	4,401	4,863	5,503	4,804	5,137	5,364	4,891	4,637	4,511	4,346
Recreation	1,670	1,645	1,533	1,481	1,844	1,723	1,707	1,700	1,578	1,579
Library	1,438	1,465	1,032	1,024	993	1,012	990	983	961	960
Social Services	3,187	3,104	1,165	1,119	1,127	1,304	1,138	1,113	1,068	1,063
Education	50,850	50,512	51,428	50,163	48,210	46,987	45,012	55,568	41,807	40,530
Debt service										
Principal	4,005	2,670	2,015	1,265	1,250	800	800	-	-	-
Interest	3,057	2,601	2,481	781	1,252	1,424	1,692	415	-	-
Capital outlay	5,438	9,025	21,885	37,732	17,838	27,012	28,500	31,368	22,900	20,138
<b>Total expenditures</b>	<b>96,026</b>	<b>96,991</b>	<b>107,506</b>	<b>118,399</b>	<b>95,809</b>	<b>102,966</b>	<b>101,344</b>	<b>111,432</b>	<b>88,703</b>	<b>84,164</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,354)</b>	<b>(3,270)</b>	<b>(12,258)</b>	<b>(30,995)</b>	<b>(12,776)</b>	<b>(19,792)</b>	<b>(14,085)</b>	<b>(10,546)</b>	<b>(7,901)</b>	<b>(12,271)</b>
<b>Other Financing Sources (Uses)</b>										
Lease proceeds	-	-	-	-	-	-	-	-	-	-
Bond issue	-	15,930	33,750	15,640	14,000	8,500	-	15,865	-	-
Premium on bonds and notes issued	-	404	1,608	-	-	-	-	89	-	-
Transfers in	6,646	3,776	4,079	7,399	3,263	14,240	17,549	13,732	7,061	6,007
Transfers out	(6,646)	(3,776)	(3,733)	(7,399)	(3,263)	(14,240)	(17,549)	(16,300)	(7,061)	(6,007)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>16,334</b>	<b>35,704</b>	<b>15,640</b>	<b>14,000</b>	<b>8,500</b>	<b>-</b>	<b>13,386</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (1,354)</b>	<b>\$ 13,064</b>	<b>\$ 23,446</b>	<b>\$ (15,355)</b>	<b>\$ 1,224</b>	<b>\$ (11,292)</b>	<b>\$ (14,085)</b>	<b>\$ 2,840</b>	<b>\$ (7,901)</b>	<b>\$ (12,271)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.98%</b>	<b>5.92%</b>	<b>4.97%</b>	<b>2.45%</b>	<b>3.01%</b>	<b>2.92%</b>	<b>3.35%</b>	<b>0.52%</b>	<b>0.00%</b>	<b>0.00%</b>

**Town of Waterford, Connecticut**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years - Unaudited  
(Amounts Expressed in Thousands)**

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (Mill Rate)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Industrial							
2015	\$ 1,447,859	\$ 402,598	\$ 738,064	\$ 803,517	\$ 149,082	\$ 343,699	\$ 3,197,421	24.80	\$ 4,567,744 <sup>(1)</sup>	70%
2014	1,447,758	430,568	799,766	789,947	146,841	441,933	3,172,947	24.08	4,532,781 <sup>(1)</sup>	70%
2013	1,894,137	433,114	781,274	799,238	148,736	343,864	3,712,635	19.77	5,303,764	70%
2012	1,894,682	424,348	784,968	799,628	142,437	346,231	3,699,832	18.79	5,284,474	70%
2011	1,889,773	427,550	777,795	782,269	137,739	346,740	3,668,386	18.04	5,240,551	70%
2010	1,886,920	424,572	773,690	783,780	136,633	349,314	3,656,281	16.86	5,223,259	70%
2009	1,878,768	424,245	757,364	770,748	145,472	352,199	3,624,398	16.86	5,177,711 <sup>(1)</sup>	70%
2008	1,374,834	331,286	457,774 <sup>(3)</sup>	575,360	144,630	223,565	2,660,319	21.07	3,800,456	70%
2007	1,392,512	426,214	356,584 <sup>(2)</sup>	580,185	144,150	218,775	2,680,870	19.89	3,829,814	70%
2006	1,180,123	922,450	52,117	548,303	136,430	217,290	2,622,133	18.84	3,745,904	70%

**Source:** Assessor's Office - Town of Waterford

**Notes:**

- (1) Revaluations October 1, 2007 and October 1, 2012.
- (2) Public Utilities Recorded in Industrial Classification as Opposed to Commercial Classification Effective Grand List Year 2005.
- (3) Result of Settlement of Dominion Tax Appeals - Reference MD&A

**Town of Waterford, Connecticut**

**Principal Property Taxpayers  
Current Year and Nine Years Ago - Unaudited  
(In Thousands)**

	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Grand List
Dominion Nuclear Connecticut (including all Owners in the Complex)	\$ 1,085,094	1	33.94%	\$ 909,729	1	33.93%
Connecticut Light & Power Co.	75,712	2	2.37%	27,989	3	1.04%
Crystal Mall Associates L.P.	66,091	3	2.07%	76,907	2	2.87%
Centro GA CMBS T12 LLC	26,183	4	0.82%			
Chase Crossroads & Waterford Plaza One LLC	24,782	5	0.78%	17,740	5	0.66%
Galileo CMBS T2 LLC				18,503	4	0.69%
Wal Mart Stores, Inc.	18,158	6	0.57%	15,718	6	0.59%
Health Care REIT & OLSL, LLC (Formerly One Lantern Sr. Living, LLC)	13,339	7	0.42%	9,384	8	0.35%
Sonalyt Inc.	11,886	8	0.37%	10,398	7	0.39%
Dayton Hudson d/b/a Target	10,312	9	0.32%	8,820	9	0.33%
Home Depot USA, Inc.	9,954	10	0.31%	8,715	10	0.33%
	<u>\$ 1,341,511</u>		<u>41.97%</u>	<u>\$ 1,103,903</u>		<u>41.18%</u>

**Source:** Town of Waterford, Office of Tax Assessor

**Town of Waterford, Connecticut**

**Property of Tax Levies and Collections  
Last Ten Fiscal Years - Unaudited  
(In Thousands)**

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied for the Fiscal Year	Tax Levy Adjustment	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2015	24.80	\$ 79,312	\$ (367)	\$ 78,945	\$ 78,331	98.76%	\$ -	\$ 78,331	99.22%
2014	24.05	76,344	(448)	75,896	75,511	98.91%	171	75,682	99.72%
2013	19.77	73,354	(150)	73,204	72,501	98.84%	432	72,933	99.63%
2012	18.79	69,485	(263)	69,222	68,573	98.69%	457	69,030	99.72%
2011	18.04	66,093	(335)	65,758	65,359	99.39%	288	65,647	99.83%
2010	16.86	61,554	(386)	61,168	60,816	99.42%	289	61,105	99.90%
2009	16.86	61,070	(497)	60,573	60,141	99.29%	390	60,531	99.93%
2008	*	21.07	N/A	56,049	55,630	99.25%	398	56,028	99.96%
2007	*	19.89	N/A	52,037	50,053	96.19%	1,973	52,026	99.98%
2006	*	18.84	N/A	48,149	46,030	95.60%	2,110	48,140	99.98%

**Source:** Tax Collector's Report; Comprehensive Annual Financial Report

\* Levies Adjusted to reflect settlement of the Dominion Nuclear Connecticut, Inc. Tax Appeal.

N/A - Information not available.

**Town of Waterford, Connecticut**

**Ratio of Outstanding Debt by Type**

**Last Ten Fiscal Years - Unaudited**

**(In Thousands, Except Ratio of Debt to Assessed Value per Capita)**

Fiscal Year	General Obligation Bonds	Capital Leases	Utility Commission	Total Primary Government	Percentage of Personal Income	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
2015	\$ 90,145	\$ -	\$ -	\$ 90,145	0.00%	2.8193%	4,640.19
2014	94,885	-	-	94,885	0.00%	2.0933%	4,863.90
2013	81,625	-	-	81,625	0.00%	0.0261%	4,182.25
2012	49,890	-	-	49,890	0.00%	0.0135%	2,556.23
2011	35,515	-	-	35,515	0.00%	0.0097%	1,819.70
2010	22,765	-	-	22,765	0.00%	0.0062%	1,204.89
2009	15,065	-	-	15,065	0.00%	0.0042%	802.35
2008	15,865	-	-	15,865	0.00%	0.0060%	845.01
2007	-	-	-	-	0.00%	N/A	N/A
2006	-	-	-	-	0.00%	N/A	N/A

**Notes:**

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

N/A - Information not available.

**Town of Waterford, Connecticut**

**Schedule of Debt Limitation  
June 30, 2015 - Unaudited  
(In Thousands)**

Total tax collections (including interest and lien fees) received by Treasurer for current fiscal year	\$ 78,907
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Reimbursement for revenue loss from: Property tax relief	<u>2</u>
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<b>Base</b>	<b><u><u>\$ 78,909</u></u></b>
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	General Purpose	Schools	Sewer	Urban Renewal	Pension Deficit
Debt Limitation					
2-1/4 times base	\$ 177,545	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	355,091	-	-	-
3-3/4 times base	-	-	295,909	-	-
3-1/4 times base	-	-	-	256,454	-
3 times base	-	-	-	-	236,727
<b>Total debt limitation</b>	177,545	355,091	295,909	256,454	236,727
Indebtedness					
Bonds payable	-	90,145	-	-	-
Authorized but unissued	-	48,318	-	-	-
<b>Total indebtedness</b>	-	138,463	-	-	-
<b>Debt limitation in excess of outstanding and authorized debt</b>	<b>\$ 177,545</b>	<b>\$ 216,628</b>	<b>\$ 295,909</b>	<b>\$ 256,454</b>	<b>\$ 236,727</b>

**Note 1:** In no case shall total indebtedness exceed seven times annual receipts from taxation (\$552,363).

**Town of Waterford, Connecticut**

**Legal Debt Margin Information  
Last Ten Fiscal Years - Unaudited  
(Dollars in Thousands)**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 552,363	\$ 534,504	\$ 513,141	\$ 482,944	\$ 461,286	\$ 430,390	\$ 424,886	\$ 446,502	\$ 353,276	\$ 326,200
Total net debt applicable to limit	138,463	137,207	139,957	144,615	147,294	85,413	66,792	48,363	133,154	105,264
Legal debt margin	\$ 413,900	\$ 397,297	\$ 373,184	\$ 338,329	\$ 313,992	\$ 344,977	\$ 358,094	\$ 398,139	\$ 220,122	\$ 220,936
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>25.07%</b>	<b>25.67%</b>	<b>27.27%</b>	<b>29.94%</b>	<b>31.93%</b>	<b>19.85%</b>	<b>15.72%</b>	<b>10.83%</b>	<b>37.69%</b>	<b>32.27%</b>

(1) In no case shall total indebtedness exceed seven times annual receipts from taxation.

**Source:** Comprehensive Annual Financial Report - Statement of Debt Limitation.

**Note:** See Schedule of Debt Limitation on prior page for calculation of current year debt limitation.

**Town of Waterford, Connecticut**

**Demographic and Economic Statistics - Unaudited  
Last Ten Calendar Years - Unaudited**

Calendar Year	Population <sup>1,7</sup>	Per Capital Income <sup>1,6,7</sup>	Total Personal Income <sup>5</sup>	Median Age <sup>2,7</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2015	19,427	\$ 39,498	\$ -	46	2,577	4.7%
2014	19,508	39,042	-	47	2,799	6.1%
2013	19,517	38,245	-	46	2,895	8.0%
2012	19,517	37,690	-	45	2,967	8.1%
2011	19,517	36,626	-	45	3,021	8.6%
2010	18,897	26,807	-	45	3,010	8.0%
2009	18,775	26,807	-	45	3,027	7.2%
2008	18,775	26,807	-	44	3,109	5.5%
2007	18,766	-	-	44	2,978	4.3%
2006	18,638	26,807	50,787	-	3,099	4.1%

<sup>1</sup> **Source:** U.S. Department of Commerce, Bureau of Census 1960-2010  
<sup>2</sup> **Source:** Connecticut Economic Resource Center based on U.S. Bureau of Census Data. September each year  
<sup>3</sup> **Source:** Waterford Board of Education (FYE June Reports) (Inclusive of Pre-School Enrollment)  
<sup>4</sup> **Source:** Connecticut Department of Labor June of each year. Not seasonally adjusted. 2007 is estimated based upon a ten-month average.  
<sup>5</sup> **Source:** Bureau of Economic Analysis September 2007.  
<sup>6</sup> **Source:** Data source: American Community Survey 2008-2012 5-year estimates  
<sup>7</sup> **Source:** Data source: American Community Survey 2009-2013 5-year estimates

**Town of Waterford, Connecticut**

**Principal Employers**

**Current Year and Nine Years Ago - Unaudited**

Nature of Business	2015			2006		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Dominion Nuclear CT, Inc.	1,650	1	16.55%	1,650	1	16.61%
Town of Waterford	685	2	6.87%	726	2	7.31%
Waterford Hotel Group	531	3	5.33%			
Wal-Mart Super Center	497	4	4.99%	468	3	4.71%
Sonalyt	275	5	2.76%	270	4	2.72%
Sears	260	6	2.61%	260	5	2.62%
Bayview Health Center	225	7	2.26%			
Home Depot	185	8	1.86%	186	6	1.87%
Lowe's Home Improvement	180	9	1.81%	182	7	1.83%
Target Stores	180	10	1.81%			
Big Y Supermarket				137	8	1.38%
J.C. Penney				120	9	1.21%
AT&T/SBC/SNET				120	10	1.21%
<b>Total</b>	<b>4,668</b>		<b>47%</b>	<b>4,119</b>		<b>41%</b>

**Source:** Community Development Department and Bond Official Statement Telephone Survey

**Town of Waterford, Connecticut**

**Full-Time Equivalent Government Employees by Function/Program  
Last Ten Fiscal Years - Unaudited**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	92	92	93	93	95	94	94	95	98	101
Police	55	54	56	56	56	56	56	55	55	55
Fire	20	15	15	15	15	15	15	15	15	15
Refuse Collection	6	5	5	5	5	5	5	5	5	5
Other Public Works	24	28	28	28	32	32	32	33	33	33
Recreation and Parks	10	13	13	13	14	14	15	15	15	15
Library	24	23	23	23	24	24	24	24	24	28
Education	425	455	440	440	466	473	449	474	504	474
<b>Total</b>	<b>656</b>	<b>685</b>	<b>673</b>	<b>673</b>	<b>707</b>	<b>713</b>	<b>690</b>	<b>716</b>	<b>749</b>	<b>726</b>

**Source:** Town and Board of Education Human Resources Departments.

**Town of Waterford, Connecticut**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years - Unaudited**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government:										
Building Permits Issued	15	19	22	17	13	13	23	58	56	61
Building Inspections Conducted	282	408	460	223	179	179	309	760	696	791
Police:										
Physical Arrests	953	2,104	1,718	1,283	1,861	1,690	1,172	1,174	645	725
Parking Violations	38	57	58	54	120	233	267	196	338	140
Traffic Violations	3,691	4,937	5,046	4,431	4,371	6,423	6,473	4,743	2,174	3,524
Fire:										
Emergency Responses	3,668	3,624	3,823	3,297	3,520	3,892	3,484	3,793	3,493	3,272
Fires Extinguished	60	68	61	53	62	69	57	65	92	86
Inspections	488	539	558	648	593	653	789	790	757	257
Refuse Collection:										
Refuse Collected (Tons Per Day)	27	42	45	44	44	66	60	60	66	61
Recyclables Collected (Tons Per Day)	13	*	9	9	7	6	7	7	7	6
Other Public Works:										
Street Resurfacing (Miles)	4	3	5	8	4	3	6	7	6	4
Potholes Repaired	989	747	422	400	425	395	380	390	400	417
Recreation and Parks:										
Athletic Field Permits Issued	2,832	2,855	2,009	2,087	1,994	1,958	2,167	2,010	1,913	1,918
Community Center Admissions (1)	61,689	61,630	61,742	62,439	53,085	51,102	50,420	50,770	54,002	58,100
Number of Program Registrations	5,812	5,381	6,596	6,742	5,171	4,946	3,510	3,362	3,987	3,712
Program Fees	190,780	190,485	205,803	159,623	139,427	90,511	74,526	72,281	77,971	74,700
Senior Services:										
Number of Program Participants	45,432	44,856	45,173	46,302	48,536	51,537	53,624	57,409	56,254	54,355
Program Revenue	27,988	29,911	33,573	31,653	27,341	27,125	24,758	22,776	18,760	15,541
Library:										
Volumes in Collection	81,283	83,076	82,460	86,105	85,430	84,067	84,590	84,104	83,850	80,591
Total Volumes Borrowed	232,796	242,724	236,607	231,572	234,774	240,012	235,206	224,564	222,110	208,227
Water:										
New Connections	7	8	17	16	27	32	37	58	39	38
Water Main Breaks	7	9	4	8	10	1	2	5	3	3
Average Daily Consumption (MGD)	2.67	2.65	2.65	2.64	2.65	2.63	2.62	2.91	2.01	1.74
Peak Daily Consumption (MGD)	4.56	4.55	4.55	4.54	4.55	4.53	4.53	4.73	3.20	2.81

**Source:** Directors of each Department

\* Information not available

**Town of Waterford, Connecticut**

**Capital Assets Statistics by Function/Program  
Last Ten Fiscal Years - Unaudited**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	1	1	1	1	1	1	1	1	1	1
Patrol Units	20	20	20	20	20	20	20	20	20	20
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse Collection:										
Collection Trucks	6	6	6	6	6	6	6	6	6	6
Other Public Works:										
Streets (Miles)	120.89	120.89	120.89	120.89	120.89	120.89	120.53	120.53	120.24	120.03
Storm Drain (Miles)	60.77	60.77	60.77	60.77	60.77	60.77	60.56	60.56	60.30	60.30
Recreation and Parks:										
Acreage	549.65	549.65	549.65	549.65	549.65	549.65	549.65	549.65	545.64	545.64
Playgrounds	5	5	5	5	4	4	4	7	12	12
Baseball/Softball Diamonds	14	14	14	14	14	14	13	16	19	19
Soccer/Football Fields	10	10	10	10	10	8	8	7	7	7
Community Centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water Main (Miles)*	110.11	110.11	109.00	109.00	109.00	109.00	109.00	108.99	108.99	106.99
Fire Hydrants	1,133	1,133	1,128	1,128	1,128	1,128	1,128	1,124	1,129	1,102
Storage Capacity (000's of Gallons)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	4,550
Wastewater:										
Sanitary Sewers (Miles)*	148.01	148.01	146.10	146.10	146.10	146.10	146.10	145.75	145.75	143.90
Pump Stations	28	28	27	27	27	27	27	27	27	26

**Source:** Various Municipal Department Directors

\* Does not include service connections.