

# **Town of Waterford, Connecticut**



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2014**



# **Town of Waterford, Connecticut**

## **Comprehensive Annual Financial Report**

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**Fiscal Year Ended June 30, 2014**

**Finance Department**



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## **Introductory Section**



FIFTEEN ROPE FERRY ROAD



WATERFORD, CT 06385-2886

December 16, 2014

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, 2014.

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.

McGladrey LLP, Certified Public Accountants, have issued an unqualified opinion on the Town of Waterford financial statements for the year ended June 30, 2014. 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 6.1%, it nevertheless remains below the State's average of 6.7%, and equal to the National average of 6.1%. 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 FY14 the Town's mill rate was 24.05 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, in an effort to comply with GASB 54 and to strengthen Waterford's commitment to sound financial management and fiscal accountability, the Board of Finance adopted a new fund balance policy. In that regard, the Representative Town Meeting established a Stabilization Fund to allow for the commitment of a minimum of ten percent to a maximum of thirteen percent of its budgeted governmental funds' net operating revenue. As the financials reflect, \$10,436,689 was committed to this fund in FY14, leaving an unassigned fund balance of \$1,983,783. This Stabilization Fund can only be used in three instances. The first would be to address a projected revenue shortfall that is greater than one percent of the General Fund operating revenue, excluding transfers. The second would be to mitigate damage caused by a natural disaster. The third instance would be to address an urgent event that jeopardizes the safety of the public.

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.

#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the last twelve consecutive fiscal years. In order to be awarded a Certificate of Achievement, the Town publishes an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate for Excellence in Financial Reporting is valid for a period of one year only. I believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

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 Jerome Belair 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 black ink that reads "Maryanna Stevens". The signature is fluid and cursive, with "Maryanna" on the left and "Stevens" on the right, connected by a diagonal line.

Maryanna Stevens, CPA  
Director of Finance

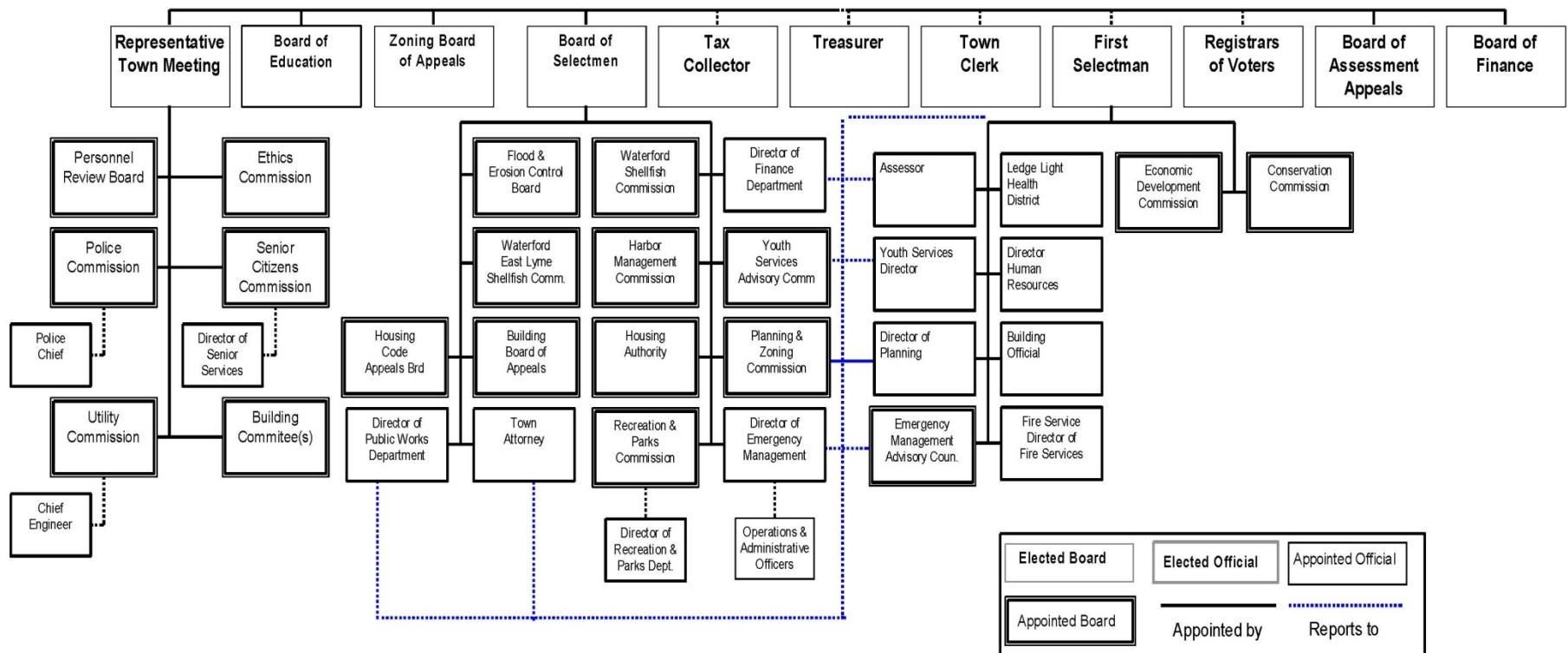
**Town of Waterford, Connecticut**

**Principal Town Officials**  
**As of June 30, 2014**

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Daniel M. Steward	First Selectman
Jerome R. Belair	Superintendent of Schools
Ruth A. Beers	Director of Finance
Bernard Pisacich	Treasurer
Dennis Goderre	Planning Director
Kristin Zawacki	Director of Public Works
Murray Pendleton	Chief of Police
Neftali Soto	Chief Engineer, Utilities Commission
Mark Burnham	Tax Collector
Michael Bekech	Assessor
Brian Flaherty	Recreation & Parks Director
Sally Ritchie	Director of Senior Services
Robert Nye	Town Clerk
Daniela Gorman	Director of Youth Services
Frank Hoagland	Building Official
Roslyn Rubenstein	Library Director
Bruce A. Miller	Director of Fire Services
Joyce Sauchuk	Director of Human Resources

ORGANIZATIONAL CHART TOWN OF WATERFORD GENERAL GOVERNMENT





Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Waterford  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Evans'.

Executive Director/CEO

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## **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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–11, budgetary comparison information on pages 53-61, the schedules of funding progress and employer contributions on page 62, and the schedule of changes in the Town's net pension liability and related ratios on page 63 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 16, 2014 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.



New Haven, Connecticut  
December 16, 2014

**TOWN OF WATERFORD, CONNECTICUT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

**JUNE 30, 2014**

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, 2014. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

**FINANCIAL HIGHLIGHTS**

- The Town's net position decreased as a result of this year's operations. While net position of our business-type activities decreased by \$1.3 million, or 2.22 %, net position of our governmental activities decreased by \$3.4 million or 1.89%.
- During the year, the Town had expenses that were \$3.4 million more than the \$92.6 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues decreased by \$2.0 million or 31.0%, while expenses increased by \$1.1 million or 25.0 %.
- Total cost of all of the Town's programs was \$101.7 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$13 million.
- The resources available for appropriation were \$ 361 thousand more than anticipated for the General Fund. There were no additional appropriations made during the year. Unused appropriations of \$818.7 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, 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 decreased from \$241.8 to \$237.0 million or 2.0 %. 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**  
**Summary of Statement of Net Position**  
**June 30, 2014 and 2013**  
**(In Thousands)**

**(TABLE 1)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 34,007	\$ 31,879	\$ 2,683	\$ 1,829	\$ 36,690	\$ 33,708
Capital assets, net of accumulated depreciation	268,780	270,203	55,840	57,975	324,620	328,178
<b>Total Assets</b>	<b>302,787</b>	<b>302,082</b>	<b>58,523</b>	<b>59,804</b>	<b>361,310</b>	<b>361,886</b>
Long-term liabilities outstanding	115,821	100,075	341	323	116,162	100,398
Other liabilities	7,349	18,985	148	127	7,497	19,112
<b>Total Liabilities</b>	<b>123,170</b>	<b>119,060</b>	<b>489</b>	<b>450</b>	<b>123,659</b>	<b>119,510</b>
Advanced Property Tax Collections	649	614	-	-	649	614
<b>Deferred inflows of resources</b>	<b>649</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>649</b>	<b>614</b>
Net position:						
Net investment in capital assets	173,491	178,578	55,840	57,974	229,331	236,552
Restricted	178	169	-	-	178	169
Unrestricted	5,299	3,661	2,194	1,379	7,493	5,040
<b>Total Net Position</b>	<b>\$ 178,968</b>	<b>\$ 182,408</b>	<b>\$ 58,034</b>	<b>\$ 59,353</b>	<b>\$ 237,002</b>	<b>\$ 241,761</b>

Net position of the Town's governmental activities decreased by 1.89% (\$179.0 million in 2014 compared to \$182.4 million in 2013). 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 \$3.7 million at June 30, 2013 to \$5.3 million at the end of this year.

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, 2014.

The net position of our business-type activities decreased by 2.22 % (\$58.0 million in 2014 compared to \$59.4 million in 2013).

The Town's total revenues (excluding special items) were \$97.0 million. The total cost of all programs and services was \$101.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

**Town of Waterford, Connecticut  
Summary Statement of Activities  
For the Years Ended June 30, 2014 and 2013  
(In Thousands)**

**(TABLE 2)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 3,524	\$ 3,503	\$ 3,914	\$ 3,621	\$ 7,438	\$ 7,124
Operating grants and contributions	9,940	8,859	8	-	9,948	8,859
Capital grants and contributions	1,584	6,596	423	2,684	2,007	9,280
General Revenues:						
Property taxes	76,529	73,583	-	-	76,529	73,583
Grants and contributions not restricted to specific programs	779	953	-	-	779	953
Unrestricted investment earnings	137	168	-	-	137	168
Miscellaneous revenue	120	1,687	-	-	120	1,687
Transfers	-	346	-	(346)	-	-
<b>Total revenues</b>	<b>92,613</b>	<b>95,695</b>	<b>4,345</b>	<b>5,959</b>	<b>96,958</b>	<b>101,654</b>
<b>Expenses:</b>						
General government	12,699	12,041	-	-	12,699	12,041
Public safety	10,167	10,337	-	-	10,167	10,337
Public works	7,292	9,094	-	-	7,292	9,094
Recreation	1,741	1,706	-	-	1,741	1,706
Library	1,470	1,032	-	-	1,470	1,032
Social services	3,282	1,297	-	-	3,282	1,297
Education	56,594	57,492	-	-	56,594	57,492
Interest and fiscal charges	2,809	2,521	-	-	2,809	2,521
Utility Commission	-	-	5,666	4,531	5,666	4,531
<b>Total expenses</b>	<b>96,054</b>	<b>95,520</b>	<b>5,666</b>	<b>4,531</b>	<b>101,720</b>	<b>100,051</b>
<b>Excess (deficiency) of revenues over expenses before transfers</b>	<b>(3,441)</b>	<b>175</b>	<b>(1,321)</b>	<b>1,428</b>	<b>(4,762)</b>	<b>1,603</b>
Net Position, beginning	182,409	182,233	59,353	57,924	241,762	240,157
<b>Net Position, ending</b>	<b>\$ 178,968</b>	<b>\$ 182,408</b>	<b>\$ 58,032</b>	<b>\$ 59,352</b>	<b>\$ 237,000</b>	<b>\$ 241,760</b>

**Governmental Activities**

Approximately 82.6% of these revenues were derived from property taxes, followed by 13.3 % from operating and capital grants and contributions, 3.8% from charges for services and .3% from investment and other general revenues.

Major factors affecting operations include:

- The Waterford High school construction grant revenue decreased by \$3.6 million; Clark Lane Middle School construction grant revenue decreased by \$316 thousand from last year.

- Public works capital grants are down by \$1.1 million. There was a one-time capital contribution of \$852.6 thousand from East Lyme for the Logger Hill project in fiscal year 2013. There was also a capital grant of \$366 thousand in fiscal year 2013 for the municipal complex. The Town Aid Road grant increased in fiscal year 2014 by \$160.6 thousand.
- Public Safety Capital grants are up by \$31.4 thousand
- General Government Capital Grants are down by \$27.3 thousand
- Property Tax revenues were up by \$2.9 million due to an increase in the mill rate of 21.65 percent.
- Miscellaneous Revenue is down by \$1.6 million due to a decrease in premiums received for bonds and bond anticipation notes compared to fiscal year 2013.

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  
Governmental Activities  
For the Years Ended June 30, 2014 and 2013  
(In Thousands)**

**(TABLE 3)**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Education	\$ 56,594	\$ 57,492	\$ 45,619	\$ 43,549
General government	12,699	12,041	11,464	10,454
Public safety	10,167	10,337	9,437	9,834
Public works	7,292	9,094	5,820	6,790
Recreation	1,741	1,706	1,536	1,505
All others	7,560	4,850	7,129	4,429
<b>Total</b>	<b>\$ 96,053</b>	<b>\$ 95,520</b>	<b>\$ 81,005</b>	<b>\$ 76,561</b>

### ***Business-Type Activities***

Net position of the Town's business-type activities (see Table 2) decreased by 2.22% (\$58.0 million in 2014 compared to \$ 59.4 million in 2013). Revenues and transfers in for the Town's business-type activities (see Table 2) decreased by \$2.0 million (\$4.3 million in 2014 compared to \$6.3 million in 2013). The factors driving these results include:

- An decrease in capital contributions of \$2.3 million or 84.2% over fiscal year 2013 due to the completion of the Harrison's Landing Project which had been funded primarily through the Capital and Nonrecurring Fund.
- Revenues for sewer user fees increased by \$293 thousand or 8.1%.

## **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 \$21.7 million, which is an increase of \$13 million from last year's total of \$8.7 million. Included in this year's total change in fund balance is an increase of \$10.3 million in the Waterford High School Building Project Fund, a decrease of \$265 thousand in the Capital and NonRecurring Fund, an increase of \$1.1 million in the General Fund and an increase of \$1.9 million in Other Governmental Funds.

Capital Projects Funds:

- The Capital and Nonrecurring Fund balance decreased by \$265 thousand due to the following:
  - Expenditures of \$1.8 million were offset by revenues and transfers in of \$1.5 million.
- The Waterford High School Building Project Fund Balance increased by \$10.3 million due to the following:
  - School construction grants of \$2.1 million
  - Bond proceeds of \$13.7 million
  - Premiums on long-term borrowing of \$404 thousand
  - Ongoing construction costs of \$5.7 million
  - Interest on Interim Financing of \$ 239 thousand

Non-Major Capital Projects Funds:

- The Fleet Management Fund balance decreased by \$66.5 thousand due to the following:
  - Expenditures for the replacement of equipment and vehicles were \$1.3 million.
  - Transfers in were \$1.1 million.
  - Received a state grant for the replacement of a Senior Services van for \$40 thousand.
  - FEMA and Insurance reimbursements were \$30.1 thousand.
  - Sale of vehicles and equipment was \$48.7 thousand
  - Other operating revenues were \$55.8 thousand
  - Investment income of \$3 thousand
- Oswegatchie Elementary School Project Fund balance increased by \$696.6 thousand due to the following:
  - Ongoing construction costs of \$45.1 thousand in fiscal year 2014
  - Received Bond Proceeds of \$720.4 thousand
  - Received Bond Premium of \$21.3 thousand
- Great Neck Elementary School Project Fund balance increased by \$652.2 thousand due to the following:
  - Ongoing construction costs of \$25.3 thousand in fiscal year 2014
  - Received Bond Proceeds of \$658 thousand
  - Received Bond Premium of \$19.4 thousand
- Quaker Hill Elementary School Project Fund balance increased by \$835.7 thousand due to the following:
  - Ongoing construction costs of \$41 thousand in fiscal year 2014
  - Received Bond Proceeds of \$851.5 thousand
  - Received Bond Premium of \$25.2 thousand
- The Capital Improvement Fund balance decreased by \$32.4 thousand due to the following:
  - Transfers in over transfers out of \$85 thousand
  - Capital Outlay expenditures of \$117.4 thousand
- Sewer Maintenance and Development Fund balance increased by \$110.2 thousand due to the following:
  - Operating revenues of \$137.3 thousand
  - Investment Income of \$.5 thousand
  - Capital Outlay expenditures of \$27.6 thousand
- The Animal Control New Facility Fund increased by \$36.8 thousand due to ongoing fundraising efforts.

Special Revenue Funds:

- The Water Fund had a decrease in fund balance of \$186.2 thousand for fiscal year 2014 due to the following:
  - Revenues from Tower Leases of \$57.5 thousand
  - Expenditures for water system projects of \$243.7 thousand

- The Small Cities Grant Fund increased by \$61.7 thousand.
- The 2011 Port Security Fund had a decrease in fund balance of \$49 thousand
- The CT Historic Properties Vibrant Communities Grant Fund had a decrease of \$39.9 thousand.
- The School Cafeteria Fund had a decrease of \$19.8 thousand for fiscal year 2014.

### ***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 position total \$60.6 million at the end of the year, which includes a \$2.6 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$58.0 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2014, net position of the Internal Service fund increased by \$2.0 million from fiscal year 2013. This is due to \$12.8 million in contributions and other revenues (a decrease of \$1.0 million over fiscal year 2013), offset by expenses for claims and program administration of \$10.8 million (a decrease of \$1.4 million over fiscal year 2013).

### ***General Fund Budgetary Highlights***

Revenues were higher than budgetary estimates by \$361 thousand, and expenditures were less than original budgetary estimates by \$818.6 thousand. Overall revenues over expenditures on a budgetary basis were \$1.2 million. In the current year, revenues increased by \$2.9 million or 3.7 % over the prior year and expenditures increased by \$2.6 million or 3.3%.

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

- Property tax collections were \$3.1 million higher in fiscal year 2014 than in 2013.
- Local capital improvement Funds decreased by \$366.3 thousand.
- Town Aid Road Increased by \$160.6 thousand.
- FEMA reimbursements increased by \$129 thousand.
- Assessments and Connections decreased by \$24.4 thousand.
- Building Permits decreased by \$245 thousand over the prior year.
- Planning & Zoning fees decreased by \$22.6 thousand.
- Conveyance Taxes decreased by \$59.7 thousand.
- Town Clerk fees decreased by \$21.8 thousand.
- Recreation & park revenues increased by \$10.8 thousand.
- Due to timing issues, the SCRRRA rebate increased by 318.7 thousand over fiscal year 2013.
- Decrease of \$37.8 thousand for Education of the Blind state grant.
- The Board of Education returned \$246 thousand of unused appropriations.
- The Retirement Commission returned \$167.2 thousand of unused appropriations.
- The Contingency budget returned \$142.4 thousand of unused appropriations.
- Fire Services returned \$71.6 thousand of unused appropriations.
- The Legal budget retuned \$21.4 thousand of unused appropriations.

The Town's General Fund balance of \$13.0 million reported on Exhibit III differs from the General Fund's budgetary balance of \$12.5 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$407.7 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 2014, the balances were \$89.0 thousand.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2014, the Town had \$324.6 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 \$3.6 million, or 1.09%, over last year.

**Town of Waterford, Connecticut**  
**Capital Assets at Year-End (Net of Depreciation)**  
**For the Years Ended June 30, 2014 and 2013**  
**(In Thousands)**

**(TABLE 4)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,766	\$ 7,766	\$ 128	\$ 128	\$ 7,894	\$ 7,894
Land improvements	668	725			668	725
Buildings and improvements	190,422	111,283	1,186	1,221	191,608	112,504
Machinery and equipment	6,654	7,487	194	210	6,848	7,697
Vehicles	3,517	3,094	222	270	3,739	3,364
Infrastructure	58,234	59,221	53,721	54,571	111,955	113,792
Permanent Easements	5	5			5	5
Software	148	181	19	32	168	213
Construction in progress	1,367	80,441	368	1,543	1,735	81,984
<b>Total</b>	<b>\$ 268,781</b>	<b>\$ 270,203</b>	<b>\$ 55,838</b>	<b>\$ 57,975</b>	<b>\$ 324,619</b>	<b>\$ 328,178</b>

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

#### **Governmental Activities:**

- A decrease to Construction-in-Progress of \$55.9 million and increase to Buildings and Improvements of \$61.3 million for the completion of the Waterford High School.
- A decrease to Construction-in-Progress and an increase to Buildings and Improvements of \$23.4 million for the capitalization of the Great Neck Elementary School.
- The increase to Buildings and Improvements was reduced by \$5.6 million for depreciation expense.
- There were additions of \$.2 million to Construction-in-Progress for roads and water projects started, but not complete at the end of the year.
- Infrastructure decreased by \$987 thousand. Additions include road reconstruction for Harrison's Landing of \$564.5 thousand and the replacement of water mains of \$138.9 thousand. The net decrease was due to retirement of existing infrastructure and depreciation expense amounting to a reduction of \$1.7 million.
- Machinery and equipment had a decrease of \$833 thousand due to mainly to depreciation of \$1.1 million, which was offset by additions of \$278.4 thousand
- Land Improvements had a decrease of \$57.5 thousand due to depreciation of the same amount.

#### **Business-Type Activities**

- There was a decrease in Construction-in-Progress of \$1.5 million and an increase to Infrastructure of \$1.6 million for the completion of Harrison's Landing Sewers and Pump Station. The increase to infrastructure was reduced by depreciation of \$2.5 million.
- There were additions to Construction-in-Progress of \$318.8 thousand for the Bolles Court Pump Station Project and \$6.2 thousand for the Pump Station Grit Facility Project.

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 \$94.9 million of outstanding general obligation bonds. The Town did receive a short-term rating of a MIG 1 from Moody's Investors Service when it initiated borrowing on the Clark Lane Middle School project in FY2006. The MIG 1 rating was sustained with the issuance of notes in March 2013. Bonds issued in March 2014 carried an Aa2 Moody's rating and an AA rating from Standard & Poor.

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 \$534.5 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 2014 was 6.1 %, which is a decrease from a rate of 23.8% a year ago. Waterford's unemployment rate is slightly lower than the State's average unemployment rate of 6.7% and is equal to the national average of 6.1% as of June 2014.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$252 thousand. The main reasons for the decrease are an increase in the stabilization balance of \$1.5 million mitigated by positive operating results of \$928 thousand.

All of these factors were considered in preparing the Town's budget for the 2014-15 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, 2014**

	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 21,077,271	\$ 1,129,415	\$ 22,206,686
Investments	9,229,420	-	9,229,420
Receivables, net	3,503,338	1,713,519	5,216,857
Internal balances	159,486	(159,486)	-
Inventory	8,274	-	8,274
Prepaid items	29,108	-	29,108
Capital assets:			
Intangible assets, not being amortized	5,000	-	5,000
Intangible assets, net amortization	147,636	19,223	166,859
Assets not being depreciated	9,132,099	495,993	9,628,092
Assets being depreciated	259,495,411	55,324,339	314,819,750
<b>Total assets</b>	<b>302,787,043</b>	<b>58,523,003</b>	<b>361,310,046</b>
<b>Liabilities</b>			
Accounts and other payables	2,882,568	63,569	2,946,137
Payroll liabilities	4,133,368	33,623	4,166,991
Unearned Revenue	333,155	50,507	383,662
Long-term obligations:			
Due within one year	4,411,202	9,096	4,420,298
Due in more than one year	111,410,059	332,394	111,742,453
<b>Total liabilities</b>	<b>123,170,352</b>	<b>489,189</b>	<b>123,659,541</b>
<b>Deferred Inflows of Resources</b>			
Advanced property tax collections	648,938	-	648,938
<b>Total deferred inflows of resources</b>	<b>648,938</b>	<b>-</b>	<b>648,938</b>
<b>Net Position</b>			
Net investment in capital assets	173,490,923	55,839,555	229,330,478
Restricted for:			
Trust purposes:			
Nonexpendable	178,215	-	178,215
Unrestricted	5,298,615	2,194,259	7,492,874
<b>Total net position</b>	<b>\$ 178,967,753</b>	<b>\$ 58,033,814</b>	<b>\$ 237,001,567</b>

\* After internal balances have been eliminated.

See Notes to Financial Statements.

**Statement of Activities**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 12,699,487	\$ 1,181,069	\$ 54,346	\$ -	\$ (11,464,072)	\$ -	\$ (11,464,072)
Public safety	10,167,464	257,687	346,531	125,863	(9,437,383)	-	(9,437,383)
Public works	7,291,835	967,097	122,664	381,769	(5,820,305)	-	(5,820,305)
Recreation	1,740,755	184,148	10,347	10,000	(1,536,260)	-	(1,536,260)
Library	1,469,797	18,737	-	-	(1,451,060)	-	(1,451,060)
Social services	3,282,019	187,189	225,645	-	(2,869,185)	-	(2,869,185)
Education	56,593,567	727,624	9,180,690	1,066,205	(45,619,048)	-	(45,619,048)
Interest and fiscal charges	2,808,625	-	-	-	(2,808,625)	-	(2,808,625)
<b>Total governmental activities</b>	<b>96,053,549</b>	<b>3,523,551</b>	<b>9,940,223</b>	<b>1,583,837</b>	<b>(81,005,938)</b>	<b>-</b>	<b>(81,005,938)</b>
Business-Type Activities							
Utility Commission	5,665,553	3,914,358	8,238	423,277	-	(1,319,680)	(1,319,680)
<b>Total</b>	<b>\$ 101,719,102</b>	<b>\$ 7,437,909</b>	<b>\$ 9,948,461</b>	<b>\$ 2,007,114</b>	<b>(81,005,938)</b>	<b>(1,319,680)</b>	<b>(82,325,618)</b>
General revenues:							
Property taxes					76,529,056	-	76,529,056
Grants and contributions not restricted to specific programs					779,477	-	779,477
Unrestricted investment earnings					137,229	71	137,300
Other					119,524	-	119,524
Total general revenues and transfers					<b>77,565,286</b>	<b>71</b>	<b>77,565,357</b>
Change in net position					(3,440,652)	(1,319,609)	(4,760,261)
Net position - beginning					<b>182,408,405</b>	<b>59,353,423</b>	<b>241,761,828</b>
Net position - ending					<b>\$ 178,967,753</b>	<b>\$ 58,033,814</b>	<b>\$ 237,001,567</b>

See Notes to Financial Statements.

**Town of Waterford, Connecticut**

**EXHIBIT III**

**Balance Sheet - Governmental Funds**  
**June 30, 2014**

	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	\$ 9,893,283	\$ 4,102,275	\$ 1,109	\$ 4,763,273	\$ 18,759,940
Investments	3,738,982	5,350,945	-	139,493	9,229,420
Receivables (net of allowance for uncollectibles):					
Property taxes	2,118,280	-	-	-	2,118,280
Accounts receivable	511,318	250,050	-	19,734	781,102
Intergovernmental	5,998	-	386,977	197,151	590,126
Assessment charges	13,736	-	-	-	13,736
Due from other funds	6,186,052	-	-	1,615,917	7,801,969
Prepaid items	28,708	-	-	400	29,108
Inventories	-	-	-	8,274	8,274
<b>Total assets</b>	<b>\$ 22,496,357</b>	<b>\$ 9,703,270</b>	<b>\$ 388,086</b>	<b>\$ 6,744,242</b>	<b>\$ 39,331,955</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,108,655	\$ 235,917	\$ 187,855	\$ 121,382	\$ 1,653,809
Accrued liabilities	2,797,155	124,354	340,643	64,085	3,326,237
Due to other funds	2,930,520	233,671	4,269,850	1,523,044	8,957,085
Unearned revenue	-	-	-	220,903	220,903
<b>Total liabilities</b>	<b>6,836,330</b>	<b>593,942</b>	<b>4,798,348</b>	<b>1,929,414</b>	<b>14,158,034</b>
<b>Deferred Inflows of Resources</b>					
Unavailable resources	2,065,135	250,050	386,977	102,021	2,804,183
Advanced property tax collections	648,938	-	-	-	648,938
<b>Total deferred inflows of resources</b>	<b>2,714,073</b>	<b>250,050</b>	<b>386,977</b>	<b>102,021</b>	<b>3,453,121</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	28,708	-	-	149,507	178,215
Restricted	-	-	-	1,573,620	1,573,620
Committed	10,436,689	8,859,278	-	3,886,918	23,182,885
Assigned	496,774	-	-	149,244	646,018
Unassigned	1,983,783	-	(4,797,239)	(1,046,482)	(3,859,938)
<b>Total fund balances (deficits)</b>	<b>12,945,954</b>	<b>8,859,278</b>	<b>(4,797,239)</b>	<b>4,712,807</b>	<b>21,720,800</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 22,496,357</b>	<b>\$ 9,703,270</b>	<b>\$ 388,086</b>	<b>\$ 6,744,242</b>	<b>\$ 39,331,955</b>

(Continued)

**Balance Sheet - Governmental Funds (Continued)**  
**June 30, 2014**

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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)	\$ 21,720,800
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	268,780,146
Deferred inflows of resources - unavailable resources	2,804,183
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.	2,603,101
Accrued interest payable	(1,119,216)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(115,821,261)</u>
Net position of governmental activities (Exhibit I)	<u><u>\$ 178,967,753</u></u>

See Notes to Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Governmental Funds  
For the Year Ended June 30, 2014**

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 76,355,601	\$ -	\$ -	\$ -	\$ 76,355,601
Intergovernmental	8,945,437	-	2,104,946	2,089,494	13,139,877
Assessments and connections	7,987	-	-	137,303	145,290
Licenses and permits	1,020,745	-	-	6,875	1,027,620
Fines, penalties and charges for services	648,258	-	-	876,101	1,524,359
Income on investments	70,898	38,384	1	25,544	134,827
Other	1,184,321	-	-	208,447	1,392,768
<b>Total revenues</b>	<b>88,233,247</b>	<b>38,384</b>	<b>2,104,947</b>	<b>3,343,764</b>	<b>93,720,342</b>
<b>Expenditures</b>					
Current:					
General government	11,781,619	-	-	54,991	11,836,610
Public safety	8,957,518	-	-	311,661	9,269,179
Public works	4,591,754	-	-	271,323	4,863,077
Recreation	1,645,217	-	-	62	1,645,279
Library	1,031,337	-	-	433,741	1,465,078
Social services	898,177	-	-	2,205,473	3,103,650
Education	50,512,081	-	-	-	50,512,081
Capital outlay	-	1,804,261	5,652,866	1,568,247	9,025,374
Debt service:					
Principal retirements	2,670,000	-	-	-	2,670,000
Interest and fiscal changes	2,362,323	-	239,033	-	2,601,356
<b>Total expenditures</b>	<b>84,450,026</b>	<b>1,804,261</b>	<b>5,891,899</b>	<b>4,845,498</b>	<b>96,991,684</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,783,221</b>	<b>(1,765,877)</b>	<b>(3,786,952)</b>	<b>(1,501,734)</b>	<b>(3,271,342)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	1,500,740	-	2,275,000	3,775,740
Transfers out	(2,676,001)	-	-	(1,099,739)	(3,775,740)
Issuance of bonds	-	-	13,700,000	2,230,000	15,930,000
Bond premium	-	-	404,225	-	404,225
<b>Total other financing sources (uses)</b>	<b>(2,676,001)</b>	<b>1,500,740</b>	<b>14,104,225</b>	<b>3,405,261</b>	<b>16,334,225</b>
<b>Net change in fund balances (deficits)</b>	<b>1,107,220</b>	<b>(265,137)</b>	<b>10,317,273</b>	<b>1,903,527</b>	<b>13,062,883</b>
<b>Fund Balance (Deficit), beginning of year</b>	<b>11,838,734</b>	<b>9,124,415</b>	<b>(15,114,512)</b>	<b>2,809,280</b>	<b>8,657,917</b>
<b>Fund Balance (Deficit), end of year</b>	<b>\$ 12,945,954</b>	<b>\$ 8,859,278</b>	<b>\$ (4,797,239)</b>	<b>\$ 4,712,807</b>	<b>\$ 21,720,800</b>

(Continued)

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Governmental Funds (Continued)**  
**For the Year Ended June 30, 2014**

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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)	\$ 13,062,883
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.	(1,423,297)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,126,509)
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.	(13,664,225)
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.	(2,289,128)
The net increase of certain activities of internal service funds is reported with governmental activities.	<u>1,999,624</u>
Change in net position of governmental activities (Exhibit II)	<u>\$ (3,440,652)</u>

See Notes to Financial Statements.

**Statement of Net Position - Proprietary Funds**  
**June 30, 2014**

	Business-Type Activities - Enterprise Fund		Governmental Activities
	Internal Utility Commission	Service Funds	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,129,415	\$ 2,317,331	
Due from other funds	-	1,314,602	
Receivables, net	1,713,519	94	
<b>Total current assets</b>	<b>2,842,934</b>	<b>3,632,027</b>	
Noncurrent assets:			
Intangible assets	23,940	-	
Less accumulated amortization	(4,717)	-	
Land	127,970	-	
Equipment	355,980	-	
Vehicles	607,661	-	
Wastewater and storm water lines and pump stations	95,933,895	-	
Less accumulated depreciation	(41,573,199)	-	
Construction in Process	368,023	-	
<b>Total noncurrent assets</b>	<b>55,839,555</b>	<b>-</b>	
<b>Total assets</b>	<b>58,682,489</b>	<b>3,632,027</b>	
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 63,569	\$ 109,543	
Accrued liabilities	33,623	807,131	
Due to other funds	159,486	-	
Advanced collections	50,507	112,252	
Compensated absences	9,096	-	
<b>Total current liabilities</b>	<b>316,281</b>	<b>1,028,926</b>	
Noncurrent liabilities:			
Compensated absences	332,394	-	
<b>Total liabilities</b>	<b>648,675</b>	<b>1,028,926</b>	
<b>Net Position</b>			
Net investment in capital assets	55,839,555	-	
Unrestricted	2,194,259	2,603,101	
<b>Total net position</b>	<b>\$ 58,033,814</b>	<b>\$ 2,603,101</b>	

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Internal Utility Commission	Service Funds
<b>Operating Revenues</b>		
User, interest and lien fees	\$ 3,914,358	-
Contributions	-	12,718,033
Intergovernmental revenues	8,238	-
Other operating revenues	-	82,324
<b>Total operating revenues</b>	<b>3,922,596</b>	<b>12,800,357</b>
<b>Operating Expenses</b>		
Amortization expense	1,648	-
Depreciation expense	2,566,019	-
Salaries, wages and employee benefits	1,182,994	-
Treatment plant costs	1,153,116	-
Utilities	305,939	-
Repairs and maintenance	329,008	-
Other	26,542	-
Materials and supplies	16,738	-
Professional services	72,792	-
Claims	-	9,724,157
Program and administrative expenses	-	1,078,978
<b>Total operating expenses</b>	<b>5,654,796</b>	<b>10,803,135</b>
<b>Operating (loss) income</b>	<b>(1,732,200)</b>	<b>1,997,222</b>
<b>Nonoperating Revenues</b>		
Income on investments	71	2,402
Loss on disposal of capital assets	(10,757)	-
<b>Total non-operating (expenses) revenues</b>	<b>(10,686)</b>	<b>2,402</b>
<b>Net (loss) income before capital contributions and transfers</b>	<b>(1,742,886)</b>	<b>1,999,624</b>
<b>Capital Contributions</b>	<b>423,277</b>	<b>-</b>
<b>Change in net position</b>	<b>(1,319,609)</b>	<b>1,999,624</b>
<b>Net Position, beginning</b>	<b>59,353,423</b>	<b>603,477</b>
<b>Net Position, ending</b>	<b>\$ 58,033,814</b>	<b>\$ 2,603,101</b>

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Business--Type Activities - Enterprise Funds	Governmental Activities Internal Service Funds
	Utility Commission	Service Funds
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 3,871,819	\$ 12,805,070
Payments to suppliers	(1,920,413)	(10,509,388)
Payments to employees	(1,159,037)	-
<b>Net cash provided by operating activities</b>	<b>792,369</b>	<b>2,295,682</b>
<b>Cash Flows From Capital Financing Activities</b>		
Purchase of capital assets	(5,228)	-
<b>Net cash used in capital financing activities</b>	<b>(5,228)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
Income on investments	71	2,402
<b>Net cash provided by investing activities</b>	<b>71</b>	<b>2,402</b>
<b>Increase in cash and cash equivalents</b>	<b>787,212</b>	<b>2,298,084</b>
<b>Cash and Cash Equivalents</b>		
Beginning	342,203	19,247
Ending	<b>\$ 1,129,415</b>	<b>\$ 2,317,331</b>
<b>Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities</b>		
Operating (loss) income	\$ (1,732,200)	\$ 1,997,222
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	2,567,667	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(91,396)	529
Decrease in accounts payable	(40,376)	109,005
Decrease in accrued liabilities	5,175	807,131
Increase (Decrease) in due to other funds	24,096	(650,279)
Decrease in compensated absences	18,783	-
Decrease in advance collections	40,620	32,074
<b>Net cash provided by operating activities</b>	<b>\$ 792,369</b>	<b>\$ 2,295,682</b>
<b>Noncash Investing and Capital Activities</b>		
Acquisition and construction of capital assets	<b>\$ 423,277</b>	<b>\$ -</b>
Loss on disposal of capital assets	<b>\$ (10,757)</b>	<b>\$ -</b>

See Notes to Financial Statements.

**Town of Waterford, Connecticut****EXHIBIT VIII****Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2014**

	Pension	Trust	Agency
	Trust	Fund	Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 7,855	\$ 543,525	
Investments:			
Certificates of deposit		-	313,898
Mutual funds	707,190		-
<b>Total investments</b>	<b>707,190</b>		<b>313,898</b>
<b>Total assets</b>	<b>\$ 715,045</b>		<b>\$ 857,423</b>
<b>Liabilities</b>			
Amounts held for student groups and others	\$ -	\$ 857,423	
Accounts Payable	1,497		-
<b>Total liabilities</b>	<b>1,497</b>		<b>857,423</b>
<b>Net Position Restricted for Pensions</b>	<b>\$ 713,548</b>		<b>\$ -</b>

See Notes to Financial Statements.

**Statement of Changes in Fiduciary Net Position - Pension Trust Fund**  
**For the Year Ended June 30, 2014**

	Pension Trust Fund
<b>Additions</b>	
Contributions:	
Employer	<u>\$ 78,744</u>
Investment income:	
Net appreciation in fair value of investments	<u>83,268</u>
<b>Total additions</b>	<u>162,012</u>
<b>Deductions</b>	
Benefit payments	171,677
Administrative	<u>5,542</u>
<b>Total deductions</b>	<u>177,219</u>
<b>Change in net position</b>	<b>(15,207)</b>
<b>Net Position Restricted for Pensions</b>	
Beginning of year	<u>728,755</u>
End of year	<u>\$ 713,548</u>

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. 65, Items Previously Reported as Assets and Liabilities*, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, there were no deferred amounts on refundings required to be reclassified to Deferred Outflows of Resources.

*GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, issued in June 2012*, was effective for the Town as of July 1, 2013. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did not have a material impact on the Town's financial statements.

*GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. 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 1/2% 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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:

Assets	Years
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.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. A deferred charge on debt 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. The Town does not have any such items in the current year.

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 advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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 several sources: property taxes, sewer assessments, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in 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.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

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.

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.

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.

## **Town of Waterford, Connecticut**

### **Notes to Financial Statements**

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

*Stabilization Fund* – As a component of committed fund balance and a necessity for sound financial management and fiscal accountability, the Town maintains within a Stabilization Fund (as a committed component of the General Fund) a minimum of ten to a maximum of thirteen percent of its budgeted governmental funds' net operating revenue. At the end of each fiscal year, the Town will adjust the Stabilization Fund based upon actual fiscal year results by moving such amounts from unassigned fund balance to the committed fund balance as may be recommended by the Board of Finance within the range adopted by this policy.

*Permitted Uses* – Withdrawals from the Stabilization Fund shall be made only through appropriation by the Representative Town Meeting as recommended by the Board of Finance. The Stabilization Fund shall not be used to compensate for structural budget deficits. Withdrawals from the fund are only permitted for the following reasons:

1. To address a projected revenue shortfall that is greater than one percent of General Fund Operating Revenue excluding transfers, or
2. To mitigate damage caused by a natural disaster, or
3. To address an urgent event that jeopardizes the safety of the Public.

Any proposed appropriation that would result in the balance of the fund falling below the minimum fund balance ratio must be accompanied by a restoration plan that brings the fund back to the minimum within three years.

#### Pension Accounting:

*Pension Trust Funds*: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

*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 pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

*Funding Policy*: The Town makes annual contributions based on plan requirements.

#### 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.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

**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.

#### 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	\$ 94,885,000
OPEB	11,660,300
Compensated absences	8,434,736
Premium on bonds	404,225
Landfill post closure costs	437,000
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ 115,821,261

**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	\$ 7,914,181
Depreciation expense	(9,176,522)
Loss on disposal	(160,956)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (1,423,297)

## 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

(Continued): 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 issuance costs, 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	\$ 15,930,000
Bond Premium	404,225
Principal repayments:	
General obligation debt	<u>(2,670,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 13,664,225</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	\$ (136,059)
OPEB obligation	(1,968,800)
Accrued Interest	(207,269)
Landfill closure costs	<u>23,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,289,128)</u>

#### 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.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

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, 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, 2014, \$17,993,000 of the Town's bank balance of \$22,207,000 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.

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2014:

#### **Cash and Cash Equivalents**

Deposits with financial institutions	\$ 12,088,486
State of Connecticut Short-Term Investment Fund	10,669,580
<b>Total cash and cash equivalents</b>	<b>22,758,066</b>

#### **Investments**

##### Governmental Funds:

Certificates of deposit	9,229,420
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##### Pension Trust Funds:

Equity mutual funds	236,178
Bond mutual funds	471,012
<b>Total pension investments</b>	<b>707,190</b>

##### Agency Funds:

Certificates of deposit	313,898
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#### **Total investments**

<b>Total cash, cash equivalents and investments</b>	<b>\$ 33,008,574</b>
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**Town of Waterford, Connecticut**

**Notes to Financial Statements**

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

Custodial Credit Risk (Continued): Cash and investments are classified in the accompanying financial statements as follows:

**Statement of Net Position**

Cash and cash equivalents	\$ 22,206,686
Investments	9,229,420
	<hr/>
	31,436,106

**Fiduciary Funds**

Cash and cash equivalents	551,380
Investments	1,021,088
	<hr/>
	1,572,468

**Total cash, cash equivalents and investments** \$ 33,008,574

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	\$ 471,012	\$ -	\$ -	\$ 471,012
Pooled fixed income	10,669,580	10,669,580	-	-
<b>Total</b>	<u>\$ 11,140,592</u>	<u>\$ 10,669,580</u>	<u>\$ -</u>	<u>\$ 471,012</u>

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	Moody's Investor Service
State Short-Term Investment Fund (STIF)	\$ 10,669,580	AAAm	-
Bond mutual fund	234,657	BBB	Bbb
Bond mutual fund	236,355	Unrated	Unrated

**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:

	Unavailable Revenue	Unearned Revenue
<b>General Fund</b>		
Delinquent property taxes (principal)	\$ 1,425,655	\$ -
Delinquent property taxes (interest)	579,189	-
Delinquent sewer assessments	10,334	-
Delinquent water assessments	3,217	-
Miscellaneous accounts receivable	46,740	-
Advanced property tax collections	648,938	-
<b>Capital NonRecurring Expenditures Fund</b>		
Miscellaneous accounts receivable	250,050	-
<b>Waterford High School Building Project</b>		
Grants Receivable	386,977	-
<b>Nonmajor Funds</b>		
Delinquent sewer connection fees	8,222	-
Grants receivable	93,799	-
Grant drawdowns prior to meeting all eligibility requirements	- 220,903	-
<b>Total deferred/unavailable revenue for governmental funds</b>		
	<b>\$ 3,453,121</b>	<b>\$ 220,903</b>

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

As of June 30, 2014, interfund balances that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
<b>General Fund</b>		
Capital and Nonrecurring Expenditures Fund	\$ 6,186,052	\$ 2,930,520
Waterford High School Building Project	- 233,671	-
Nonmajor Governmental Funds	1,615,917	4,269,850
Utility Commission	- 159,486	1,523,044
Internal Service Fund	1,314,602	-
<b>Total</b>	<b>\$ 9,116,571</b>	<b>\$ 9,116,571</b>

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.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

Interfund transfers during the year ended June 30, 2014 were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 2,676,001
Capital and Nonrecurring Expenditures Fund	1,500,740	-
Nonmajor Governmental Funds	2,275,000	1,099,739
<b>Total</b>	<b>\$ 3,775,740</b>	<b>\$ 3,775,740</b>

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. A transfer into the Capital and Nonrecurring Fund took place in Fiscal Year 2014 to return funding from the Early Childhood Learning Center Fund.

#### Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 7,766,397	\$ -	\$ -	\$ 7,766,397
Permanent easements	5,000	-	-	5,000
Construction in progress	80,440,465	701,377	79,776,140	1,365,702
Total capital assets, not being depreciated	88,211,862	701,377	79,776,140	9,137,099
Capital assets, being depreciated:				
Land improvements	2,397,495	-	-	2,397,495
Buildings and improvements	171,091,254	84,735,570	18,186,010	237,640,814
Vehicles	11,762,330	1,271,584	557,764	12,476,150
Machinery and equipment	15,083,123	278,389	147,939	15,213,573
Infrastructure	100,606,170	703,401	630,171	100,679,400
Software	531,516	-	-	531,516
Total capital assets being depreciated	301,471,888	86,988,944	19,521,884	368,938,948
Less accumulated depreciation for:				
Land improvements	1,672,364	57,494	-	1,729,858
Buildings and improvements	59,808,361	5,596,354	18,186,010	47,218,705
Vehicles	8,667,974	849,027	557,764	8,959,237
Machinery and equipment	7,595,773	1,071,633	108,208	8,559,198
Infrastructure	41,385,185	1,568,784	508,946	42,445,023
Software	350,650	33,230	-	383,880
Total accumulated depreciation	119,480,307	9,176,522	19,360,928	109,295,901
Total capital assets, being depreciated, net	181,991,581	77,812,422	160,956	259,643,047
Governmental activities capital assets, net	\$ 270,203,443	\$ 78,513,799	\$ 79,937,096	\$ 268,780,146

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 127,970	\$ -	\$ -	\$ 127,970
Construction in progress	1,542,885	325,023	1,499,883	368,025
Total capital assets, not being depreciated	1,670,855	325,023	1,499,883	495,995
Capital assets, being depreciated:				
Vehicles	607,661	-	-	607,661
Machinery and equipment	358,251	5,228	7,499	355,980
Infrastructure	92,937,259	1,613,008	-	94,550,267
Buildings and improvements	1,383,628	-	-	1,383,628
Software	42,738	-	18,796	23,942
Total capital assets being depreciated	95,329,537	1,618,236	26,295	96,921,478
Less accumulated depreciation for:				
Vehicles	338,108	47,517	-	385,625
Machinery and equipment	148,673	20,485	7,499	161,659
Infrastructure	38,365,031	2,463,428	-	40,828,459
Buildings and improvements	162,867	34,591	-	197,458
Software	11,110	1,648	8,041	4,717
Total accumulated depreciation	39,025,789	2,567,669	15,540	41,577,918
Total capital assets, being depreciated, net	56,303,748	(949,433)	10,755	55,343,560
Business-type capital assets, net	\$ 57,974,603	\$ (624,410)	\$ 1,510,638	\$ 55,839,555

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

#### Governmental Activities

General government	\$ 153,900
Public safety	1,107,459
Public works	2,050,751
Recreation	170,936
Library	23,726
Social services	114,020
Education	5,555,730
Total Depreciation Expense - Governmental Activities	\$ 9,176,522

#### Business-Type Activities

Utility Commission	\$ 2,567,669
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## 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, 2014. At year end the Town's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Great Neck Elementary	\$ 25,015,954	\$ 9,600
Oswegatchie Elementary	24,810,113	9,600
Quaker Hill Elementary	25,350,051	9,600
High School Renovation	64,667,413	897,860
Cohanzie School Demolition	116,112	95,122
Department of Public Works Projects	486,340	435,919
Utility Commission Projects	3,392,376	1,179,856
<b>Total</b>	<b>\$ 143,838,359</b>	<b>\$ 2,637,557</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 Liabilities

A summary of changes in outstanding obligations during the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 81,625,000	\$ 15,930,000	\$ 2,670,000	\$ 94,885,000	\$ 4,005,000
Premium on bonds	-	404,225	-	404,225	-
<b>Total bonds payable</b>	<b>81,625,000</b>	<b>16,334,225</b>	<b>2,670,000</b>	<b>95,289,225</b>	<b>4,005,000</b>
Other long-term liabilities:					
OPEB liability	9,691,500	2,576,800	608,000	11,660,300	-
Landfill post closure monitoring	460,000	-	23,000	437,000	23,000
Compensated absences	8,298,677	503,971	367,912	8,434,736	383,202
<b>Total other long-term liabilities</b>	<b>18,450,177</b>	<b>3,080,771</b>	<b>998,912</b>	<b>20,532,036</b>	<b>406,202</b>
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 100,075,177</b>	<b>\$ 19,414,996</b>	<b>\$ 3,668,912</b>	<b>\$ 115,821,261</b>	<b>\$ 4,411,202</b>
<b>Business-Type Activities</b>					
Compensated absences	\$ 323,234	\$ 26,192	\$ 7,936	\$ 341,490	\$ 9,096

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 Liabilities (Continued)

General Obligation Bonds: At June 30, 2014, 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, 2014
<b>Governmental Activities</b>						
Schools:						
Clark Lane School	\$800,000-\$850,000	\$ 15,865,000	08/15/07	08/15/26	4.0%-5.5%	\$ 11,000,000
Quaker Hill School	\$425,000-\$450,000	\$ 8,500,000	08/01/09	08/01/28	2.0%-4.0%	\$ 6,700,000
Oswegatchie School	\$735,000-\$740,000	\$ 14,000,000	08/01/11	08/01/30	2.0%-4.0%	\$ 12,520,000
Great Neck Elementary	\$655,000-\$975,000	\$ 15,640,000	03/01/12	08/01/31	1.75%-3.25%	\$ 14,985,000
Waterford High School	\$1,355,000-\$2,000,000	\$ 33,750,000	03/15/13	08/15/32	2.0%-4.0%	\$ 33,750,000
School Issue of 2014	\$640,000-\$940,000	\$ 15,930,000	03/17/14	03/15/34	3.0%-4.0%	\$ 15,930,000

The following is a summary as of June 30, 2014 of the future principal and interest requirements for the Town's general obligation bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 4,005,000	\$ 3,056,610	\$ 7,061,610
2016	4,645,000	2,940,895	7,585,895
2017	4,765,000	2,791,645	7,556,645
2018	4,990,000	2,632,295	7,622,295
2019	5,165,000	2,475,183	7,640,183
2020-2024	27,780,000	9,622,347	37,402,347
2025-2029	27,575,000	5,145,819	32,720,819
2030-2034	15,960,000	1,194,800	17,154,800
	<b>\$ 94,885,000</b>	<b>\$ 29,859,594</b>	<b>\$ 124,744,594</b>

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	Net		
	Debt Limit (in thousands)	Indebtedness (in thousands)	Balance (in thousands)
General purpose	\$ 171,805	\$ -	\$ 171,805
Schools	343,609	136,803	206,806
Sewers	286,341	-	286,341
Urban renewal	248,162	-	248,162
Pension deficit	229,073	-	229,073

## **Town of Waterford, Connecticut**

### **Notes to Financial Statements**

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#### **Note 7. Long-Term Liabilities (Continued)**

General Obligation Bonds: The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$534,507,000.

Bonds Authorized But Unissued: Total authorized but unissued debt at June 30, 2014 consists of the follows:

Schools		<u>\$ 41,917,792</u>
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Bond Anticipation Notes: Bond anticipation note payable activity for the year ended June 30, 2014 was as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
Bond anticipation note	3/18/13	3/17/14	0.182%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -

These bond anticipation notes were issued to finance the additions and renovations to the Waterford High School Renovation. The bond anticipation notes were repaid with the permanent bond issue of March 2014.

#### **Note 8. Fund Deficits**

The following funds had fund deficit balances at June 30, 2014:

Waterford High School Building Project	\$ 4,797,239
<b>Nonmajor Governmental Funds:</b>	
Nuclear Safety Emergency Preparedness Grant	4,893
2011 Port Security Grant	49,005
CTHP Vibrant Communities Grant	39,901
Oswegatchie Elementary School Project	357,775
Great Neck Elementary School	344,860
Quaker Hill Elementary School Project	250,048

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.

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

##### Municipal Employees' Retirement System

Plan Description: All eligible full-time Town employees participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. 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. MERS issues a publicly available financial report that may be obtained by writing to the State of Connecticut, Office of the State Comptroller, Municipal Employees' Retirement Fund, 55 Elm Street, Hartford, Connecticut 06106.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

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.

Funding Policy: Each participating municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general town employees, and within those two groups, with versus without Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending on the unit's date of participation and other factors. The contributions are actuarially determined using the entry age normal method. The actuarial assumptions are the same as those used to compute the actuarial accrued liability. Contributions for employees of the Town of Waterford were as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/12	2,277,760	100%
6/30/13	2,358,637	100%
6/30/14	2,425,327	100%

For fiscal year ended June 30, 2014, the percentage of covered payroll used in calculating annual required contribution increased for all Town employees. For police and fire employees, payroll factor increased to 16.96% of covered payroll. For the general Town employees, the payroll factor increased to 11.98% of covered payroll.

#### 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.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

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>	<b>19</b>

#### 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, 2014 were \$78,744. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

Annual Pension Cost and Net Pension Obligations: The Town of Waterford's annual pension cost and net pension obligation to the Town of Waterford Pension Plan for the year ended June 30, 2014 are as follows:

Annual required contribution	\$ 78,744
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	78,744
Contributions made	(78,744)
Increase in net pension obligation	-
Net pension obligation at beginning of year	-
Net pension obligation at end of year	\$ -

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

##### 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.

##### Three-Year Trend Information:

Fiscal Year		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012		\$82,885	100%	\$ -
June 30, 2013		78,744	100%	-
June 30, 2014		78,744	100%	-

##### Schedule of Funding Progress:

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)
07/01/2013	\$ 754,207	\$ 1,371,637	\$ 617,430	55.0%	\$ -	\$ -

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.

##### Investments:

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

Asset Class	Pension Funds Allocation %
US Large Cap	15%
US Mid/Small Cap	10%
Developed International Equities	8%
Intermediate Corporate	38%
Intermediate Government	13%
High-Yield Bonds	15%
Money Market / Short Term Bonds	1%

## **Town of Waterford, Connecticut**

### **Notes to Financial Statements**

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

Rate of Return: For the year ended June 30, 2014, 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, 2014 were as follows:

<u>Net Pension Liability</u>	<u>June 30, 2014</u>
Total Pension Liability	\$ 1,293,910
Plan Fiduciary Net Position	\$ 715,045
Net Pension Liability	\$ 578,865
Plan Fiduciary Net Position as a percentage of Total Pension Liability	55%

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

- 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.

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, 2014. There have been no significant changes between the valuation date and the fiscal year end.

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.

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

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, 2012, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return - Portfolio
US Large Cap	4.75%
US Mid/Small Cap	5.50%
Developed International Equities	5.25%
Intermediate Corporate	2.25%
Intermediate Government	1.75%
High-Yield Bonds	3.25%
Money Market / Short Term Bonds	0.50%
<b>Total Weighted Average Real Return</b>	<b>3.27%</b>
Long-Term Inflation Expectation	3.00%
<b>Long-Term Expected Nominal Return</b>	<b>6.27%</b>

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	1% Decrease	1% Increase
	7.25%	6.25%	8.25%
Net Pension Liability	\$ 578,865	\$ 678,349	\$ 492,393

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10.183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The financial statements of the Plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

## **Town of Waterford, Connecticut**

### **Notes to Financial Statements**

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

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$5,312,000 for the year ended June 30, 2014.

#### **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, 2012. 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.

Membership in the plan consisted of the following at July 1, 2012, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	231
Active plan members	502
<b>Total</b>	<b>733</b>

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
06/30/2014	\$ 2,576,800	23.6%	\$ 11,660,300
06/30/2013	2,581,800	49.1%	9,691,500
06/30/2012	2,582,500	54.6%	8,376,200

## Town of Waterford, Connecticut

### Notes to Financial Statements

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

##### OPEB Obligation:

Annual required contribution		\$ 2,747,000
Interest on net pension obligation		484,600
Adjustment to annual required contribution		<u>(654,800)</u>
Annual OPEB cost		2,576,800
Contributions made		<u>608,000</u>
Increase in net OPEB liability		1,968,800
Net OPEB obligation, beginning of year		<u>9,691,500</u>
Net OPEB obligation, end of year		<u><u>\$ 11,660,300</u></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)
07/01/2012	\$ -	\$ 28,551,800	\$ 28,551,800	0%	\$ 31,032,400	92.0%

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.

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.

## **Town of Waterford, Connecticut**

### **Notes to Financial Statements**

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

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

Valuation Date:	July 1, 2012
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Dollar, Closed
Remaining Amortization Period:	30 Years Decreasing, Currently 24 years
Actuarial Assumptions:	
Investment rate of return:	5.0%
Inflation rate:	N/A
Projected salary increases N/A:	N/A
Health cost trend rates:	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:
Year After Valuation Date	Increase
1	8.5%
2	8.0%
3	7.5%
4	7.0%
5	6.5%
6	6.0%
7	5.5%
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.

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

## **Town of Waterford, Connecticut**

### **Notes to Financial Statements**

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

any retrospective charges and is not aware of potential obligations related to its membership in CIRMA as of June 30, 2014.

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 June 30, 2013. A schedule of changes in the claims liability for the past two years is presented below:

		Current Year			
		Claims and	Changes in	Claim	Liability,
	Liability,		Estimates	Payments	June 30
	July 1				
2013-2014	\$ -	\$ 9,724,157	\$ (8,917,026)	\$ 807,131	
2012-2013	\$ 926,836	\$ (351,431)	\$ (575,405)	\$ -	

#### **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 \$437,000.

#### **Note 13. Major Taxpayer**

For the fiscal year ended June 30, 2014, 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, 2014 for the Town's governmental funds:

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds
<b>Fund Balances:</b>				
Non-spendable:				
Prepays	\$ 28,708	\$ -	\$ -	\$ 400
Inventory	-	-	-	8,274
Non-Spendable Trust	-	-	-	140,833
<b>Total nonspendable</b>	<b>28,708</b>	<b>-</b>	<b>-</b>	<b>149,507</b>
Restricted:				
General government	-	-	-	49,789
Animal Control and other	-	-	-	197,210
Sewer Maintenance	-	-	-	959,290
Youth and senior services	-	-	-	84,558
School Cafeteria and other	-	-	-	257,870
Recreation	-	-	-	24,903
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,573,620</b>
Committed:				
Water Tower Maintenance	-	-	-	437,918
Other capital projects	-	8,859,278	-	3,449,000
Stabilization Fund	10,436,689	-	-	-
<b>Total committed</b>	<b>10,436,689</b>	<b>8,859,278</b>	<b>-</b>	<b>3,886,918</b>
Assigned:				
General government	145,678	-	-	-
Public safety	34,608	-	-	-
Public Works	83,394	-	-	-
Recreation	17,768	-	-	-
Capital Outlay	-	-	-	149,244
Education- supplies and maintenance	215,326	-	-	-
<b>Total assigned</b>	<b>496,774</b>	<b>-</b>	<b>-</b>	<b>149,244</b>
Unassigned:				
General government	1,983,783	-	-	-
Operational grants	-	-	-	(93,799)
Capital projects	-	-	(4,797,239)	(952,683)
<b>Total unassigned (deficit)</b>	<b>1,983,783</b>	<b>-</b>	<b>(4,797,239)</b>	<b>(1,046,482)</b>
<b>Total fund balance</b>	<b>\$ 12,945,954</b>	<b>\$ 8,859,278</b>	<b>\$ (4,797,239)</b>	<b>\$ 4,712,807</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.

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective on July 1, 2014.* This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires 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.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations, will be effective for the fiscal year beginning on July 1, 2014.* This statement provides 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.

*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

Management has not yet determined the effect that the above GASB statements will have on the financial statements, but GASB Statement No. 68 will have a material impact.

## **Required Supplementary Information**



**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**  
**General Fund Revenues and Other Financing Sources - Budgetary Basis -**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Property Taxes</b>				
Revenues from current year	\$ 75,621,197	\$ 75,621,197	\$ 75,589,386	\$ (31,811)
Prior year taxes	265,000	265,000	444,273	179,273
Interest and lien fees	200,000	200,000	321,941	121,941
<b>Total property taxes</b>	<b>76,086,197</b>	<b>76,086,197</b>	<b>76,355,600</b>	<b>269,403</b>
<b>Intergovernmental</b>				
State of Connecticut:				
Education:				
Equalized cost sharing	1,485,842	1,485,842	1,449,981	(35,861)
Transportation	-	-	29,958	29,958
Education of the blind	26,541	26,541	-	(26,541)
Health and welfare	-	-	7,483	7,483
General government:				
Tax relief:				
Tax relief - state-owned property	317,842	317,842	367,117	49,275
Elderly	184,203	184,203	184,305	102
Disabled	1,915	1,915	2,112	197
Private tax exempt property	44,961	44,961	46,015	1,054
Veterans	10,269	10,269	12,224	1,955
Local Bridge Grant	-	-	29,838	29,838
Willetts Avenue STP Grant	542,400	542,400	-	(542,400)
Court fines	15,000	15,000	12,304	(2,696)
Civil preparedness	9,397	9,397	32,809	23,412
Telecommunication	82,905	82,905	88,590	5,685
Town aid road	322,511	322,511	321,859	(652)
Local Capital Improvement	-	-	-	-
Local Bridge Grant	-	-	-	-
SDE state grant	13,000	13,000	14,000	1,000
Mashantucket Pequot grant	39,294	39,294	46,897	7,603
Enhancement 911	15,000	15,000	17,226	2,226
Municipal video competition trust	19,255	19,255	6,745	(12,510)
Municipal Grants-in-Aid	-	-	32,217	32,217
Federal:				
FEMA Public Works	-	-	122,664	122,664
FEMA Recreation and Parks	-	-	6,337	6,337
<b>Total intergovernmental</b>	<b>3,130,335</b>	<b>3,130,335</b>	<b>2,830,681</b>	<b>(299,654)</b>

(Continued)

Town of Waterford, Connecticut

**Required Supplementary Information - Unaudited**  
**General Fund Revenues and Other Financing Sources - Budgetary Basis -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Assessments and connections:</b>				
Water main assessments	\$ 4,400	\$ 4,400	\$ 721	\$ (3,679)
Sewer assessments	33,989	33,989	7,266	(26,723)
<b>Total assessments and connections</b>	<b>38,389</b>	<b>38,389</b>	<b>7,987</b>	<b>(30,402)</b>
<b>Licenses and Permits</b>				
Recreation and parks commission	182,000	182,000	184,148	2,148
Building inspector	350,000	350,000	367,533	17,533
License, fees, permits and fines	20,000	20,000	26,491	6,491
Conveyance tax	175,000	175,000	214,166	39,166
Planning and zoning	54,000	54,000	32,808	(21,192)
Liens - Utility Commission	20,000	20,000	20,120	120
Town Clerk fees	175,000	175,000	167,129	(7,871)
<b>Total licenses and permits</b>	<b>976,000</b>	<b>976,000</b>	<b>1,012,395</b>	<b>36,395</b>
<b>Fines, Penalties and Charges for Services</b>				
Tuition	40,233	40,233	88,232	47,999
Safe homes tuition	12,841	12,841	4,065	(8,776)
Library	19,500	19,500	18,737	(763)
False alarm fines	1,000	1,000	750	(250)
Bulky waste fees	108,915	108,915	104,444	(4,471)
Recycling	94,486	94,486	47,730	(46,756)
Miscellaneous	25,000	25,000	42,192	17,192
EMS - Reg. Comm Ctr fees	10,000	10,000	15,519	5,519
Tipping fees	245,000	245,000	260,175	15,175
Senior services	28,500	28,500	29,727	1,227
Program fees- Youth Services	-	-	1,428	1,428
Eugene O'Neill Theater gate revenue	8,768	8,768	10,530	1,762
<b>Total fines, penalties and charges for services</b>	<b>594,243</b>	<b>594,243</b>	<b>623,529</b>	<b>29,286</b>

(Continued)

**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**  
**General Fund Revenues and Other Financing Sources - Budgetary Basis -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Other Sources</b>				
Rent and miscellaneous	\$ 3,808	\$ 3,808	\$ 8,669	\$ 4,861
Rental of building	145,770	145,770	151,471	5,701
Welfare				-
Sale of Equipment	100	100	-	(100)
Leasehold tax	2,031	2,031	-	(2,031)
NL Radio Comm. Network Use Fee	93,779	93,779	93,773	(6)
SCRRRA rebate	282,500	282,500	609,011	326,511
Ambulance operating subsidy	200,000	200,000	243,682	43,682
YSB BOE Clerical Stipend	5,000	5,000	5,000	-
East Lyme animal control payment	56,534	56,534	57,026	492
BOE Human Resources Offset	13,520	13,520	13,520	-
Insurance settlement	-	-	-	-
CIRMA Members Equity Distribution	51,671	51,671	-	(51,671)
TVCCA Assistance Rebate	3,000	3,000	-	(3,000)
<b>Total other sources</b>	<b>857,713</b>	<b>857,713</b>	<b>1,182,152</b>	<b>324,439</b>
<b>Interest and Dividends</b>				
Interest on investments	50,000	50,000	70,898	20,898
<b>Total revenues</b>	<b>81,732,877</b>	<b>81,732,877</b>	<b>82,083,242</b>	<b>350,365</b>
<b>Other Financing Sources</b>				
Cancellation of prior year encumbrances	100	100	10,719	10,619
<b>Total other financing sources</b>	<b>100</b>	<b>100</b>	<b>10,719</b>	<b>10,619</b>
<b>Total revenues and other financing sources</b>	<b>\$ 81,732,977</b>	<b>\$ 81,732,977</b>	<b>82,093,961</b>	<b>\$ 360,984</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	5,312,000
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year	(10,717)
Excess cost - student based grant	802,756
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund	35,247

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

**\$ 88,233,247**

**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**

**General Fund Expenditures and Other Financing Uses - Budgetary Basis -**

**Budget and Actual**

**For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
<b>Selectman</b>				
Personnel costs	\$ 171,353	\$ 173,122	\$ 173,039	\$ 83
Services	43,504	63,504	62,396	1,108
Materials and supplies	1,385	1,385	1,129	256
Equipment	-	1,275	1,274	1
<b>Total Selectman</b>	<b>216,242</b>	<b>239,286</b>	<b>237,838</b>	<b>1,448</b>
<b>Registrar of Voters</b>				
Personnel costs	48,180	48,180	46,424	1,756
Services	5,086	4,353	2,526	1,827
Materials and supplies	3,663	4,396	4,396	-
<b>Total Registrar of Voters</b>	<b>56,929</b>	<b>56,929</b>	<b>53,346</b>	<b>3,583</b>
<b>Board of Finance</b>				
Personnel costs	14,015	14,015	3,621	10,394
Services	51,057	51,057	49,985	1,072
Materials and supplies	30	30	-	30
<b>Total Board of Finance</b>	<b>65,102</b>	<b>65,102</b>	<b>53,606</b>	<b>11,496</b>
<b>Assessor</b>				
Personnel costs	271,674	271,674	264,985	6,689
Services	28,074	28,074	25,428	2,646
Materials and supplies	902	902	826	76
<b>Total Assessor</b>	<b>300,650</b>	<b>300,650</b>	<b>291,239</b>	<b>9,411</b>
<b>Board of Assessment Appeals</b>				
Personnel costs	847	847	827	20
Services	596	596	545	51
<b>Total Board of Assessment Appeals</b>	<b>1,443</b>	<b>1,443</b>	<b>1,372</b>	<b>71</b>
<b>Tax Collector</b>				
Personnel costs	156,089	156,754	156,304	450
Services	36,452	36,452	35,157	1,295
Materials and supplies	1,028	928	699	229
Equipment	400	400	361	39
<b>Total Tax Collector</b>	<b>193,969</b>	<b>194,534</b>	<b>192,521</b>	<b>2,013</b>

(Continued)

Town of Waterford, Connecticut

Required Supplementary Information - Unaudited

General Fund Expenditures and Other Financing Uses - Budgetary Basis -  
 Budget and Actual (Continued)  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT, CONTINUED</b>				
<b>Finance</b>				
Personnel costs	\$ 520,254	\$ 523,421	\$ 522,911	\$ 510
Services	269,878	266,178	264,902	1,276
Materials and supplies	40,000	40,000	34,152	5,848
Equipment	34,402	38,102	37,667	435
<b>Total Finance</b>	<b>864,534</b>	<b>867,701</b>	<b>859,632</b>	<b>8,069</b>
<b>Legal Department</b>				
Services	301,030	263,873	242,479	21,394
<b>Town Clerk</b>				
Personnel costs	204,950	204,950	204,741	209
Services	41,626	41,589	40,929	660
Materials and supplies	2,625	2,662	2,355	307
Equipment	1	1	-	1
<b>Total Town Clerk</b>	<b>249,202</b>	<b>249,202</b>	<b>248,025</b>	<b>1,177</b>
<b>Planning and Zoning Commission</b>				
Personnel costs	499,808	499,808	491,139	8,669
Services	28,112	28,112	26,218	1,894
Materials and supplies	1,735	1,735	1,480	255
Equipment	245	245	245	-
<b>Total Planning and Zoning Commission</b>	<b>529,900</b>	<b>529,900</b>	<b>519,082</b>	<b>10,818</b>
<b>Building Maintenance</b>				
Services	144,892	142,392	133,005	9,387
Materials and supplies	9,550	12,050	10,329	1,721
Capital Improvements	8,900	8,900	8,900	-
<b>Total Building Maintenance</b>	<b>163,342</b>	<b>163,342</b>	<b>152,234</b>	<b>11,108</b>
<b>Insurance</b>				
Services	4,616,778	4,700,046	4,693,166	6,880
<b>Economic Development Commission</b>				
Services	8,729	8,729	7,972	757
<b>Conservation Commission</b>				
Services	19,350	19,350	18,371	979
Materials and supplies	500	500	366	134
<b>Total Conservation Commission</b>	<b>19,850</b>	<b>19,850</b>	<b>18,737</b>	<b>1,113</b>

(Continued)

Town of Waterford, Connecticut

**Required Supplementary Information - Unaudited**  
**General Fund Expenditures and Other Financing Uses - Budgetary Basis -**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT, CONTINUED</b>				
<b>Zoning Board of Appeals</b>				
Services	\$ 4,789	\$ 4,789	\$ 1,118	\$ 3,671
Materials and supplies	50	50	31	19
<b>Total Zoning Board of Appeals</b>	<b>4,839</b>	<b>4,839</b>	<b>1,149</b>	<b>3,690</b>
<b>Retirement Commission</b>				
Personnel costs	3,819,546	3,819,546	3,652,335	167,211
<b>Representative Town Meeting</b>				
Personnel costs	54	-	-	-
Services	18,380	19,694	19,692	2
<b>Total Representative Town Meeting</b>	<b>18,434</b>	<b>19,694</b>	<b>19,692</b>	<b>2</b>
<b>Building Department</b>				
Personnel costs	258,951	258,951	257,916	1,035
Services	9,071	9,071	8,157	914
Materials and supplies	2,132	2,132	1,474	658
Equipment	353	353	353	-
<b>Total Building Department</b>	<b>270,507</b>	<b>270,507</b>	<b>267,900</b>	<b>2,607</b>
<b>Social Service Grants</b>				
Services	71,838	71,838	71,783	55
Contracts out to agencies	11,250	11,250	11,250	-
<b>Total Social Service Grants</b>	<b>83,088</b>	<b>83,088</b>	<b>83,033</b>	<b>55</b>
<b>Contingency</b>				
Miscellaneous	245,000	142,444	-	142,444
<b>Flood and Erosion Control Board</b>				
Personnel costs	766	766	688	78
Services	95	95	-	95
Materials and supplies	25	25	8	17
<b>Total Flood and Erosion Control Board</b>	<b>886</b>	<b>886</b>	<b>696</b>	<b>190</b>

(Continued)

**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**

**General Fund Expenditures and Other Financing Uses - Budgetary Basis -**

**Budget and Actual (Continued)**

**For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Ethics Commission</b>				
Personnel costs	\$ 323	\$ 348	\$ 347	\$ 1
Services	375	375	209	166
Materials and supplies	25	-	-	-
<b>Total Ethics Commission</b>	<b>723</b>	<b>723</b>	<b>556</b>	<b>167</b>
<b>Human Resources</b>				
Personnel costs	167,164	170,030	168,932	1,098
Services	33,914	31,048	29,791	1,257
Materials and supplies	2,912	2,912	1,153	1,759
	<b>203,990</b>	<b>203,990</b>	<b>199,876</b>	<b>4,114</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>12,234,713</b>	<b>12,206,304</b>	<b>11,796,486</b>	<b>409,818</b>
<b>PUBLIC SAFETY</b>				
<b>Emergency Management</b>				
Personnel costs	743,234	746,484	744,528	1,956
Services	375,509	372,259	368,814	3,445
Materials and supplies	3,500	3,500	1,968	1,532
Equipment	3	3	-	3
<b>Total Emergency Management</b>	<b>1,122,246</b>	<b>1,122,246</b>	<b>1,115,310</b>	<b>6,936</b>
<b>Fire Services</b>				
Personnel costs	1,517,318	1,509,320	1,446,303	63,017
Services	910,315	918,313	914,896	3,417
Materials and supplies	216,559	221,059	216,777	4,282
Equipment	64,000	59,500	58,582	918
<b>Total Fire Services</b>	<b>2,708,192</b>	<b>2,708,192</b>	<b>2,636,558</b>	<b>71,634</b>

(Continued)

**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**

**General Fund Expenditures and Other Financing Uses - Budgetary Basis -**

**Budget and Actual (Continued)**

**For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Police Department</b>				
Personnel costs	\$ 4,536,806	\$ 4,518,306	\$ 4,506,874	\$ 11,432
Services	382,770	414,730	410,278	4,452
Materials and supplies	240,980	240,980	240,910	70
Equipment	10,274	10,274	9,157	1,117
<b>Total Police Department</b>	<b>5,170,830</b>	<b>5,184,290</b>	<b>5,167,219</b>	<b>17,071</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>9,001,268</b>	<b>9,014,728</b>	<b>8,919,087</b>	<b>95,641</b>
<b>PUBLIC WORKS</b>				
Personnel costs	2,115,413	2,044,093	2,012,108	31,985
Services	1,595,733	1,620,933	1,615,289	5,644
Materials and supplies	774,062	820,182	816,912	3,270
Equipment	18,645	18,645	17,756	889
Capital improvements	159,930	159,930	159,930	-
<b>TOTAL PUBLIC WORKS</b>	<b>4,663,783</b>	<b>4,663,783</b>	<b>4,621,995</b>	<b>41,788</b>
<b>SOCIAL SERVICES</b>				
<b>Youth Service Bureau:</b>				
Personnel costs	179,284	179,284	172,698	6,586
Services	45,483	45,483	42,979	2,504
<b>Total Social Services</b>	<b>224,767</b>	<b>224,767</b>	<b>215,677</b>	<b>9,090</b>
<b>Conservation of Health</b>				
Services	134,002	134,002	134,002	-
<b>Total Conservation of Health</b>	<b>134,002</b>	<b>134,002</b>	<b>134,002</b>	<b>-</b>
<b>Waterford Public Health Nursing Service</b>				
Contracts out to agencies	36,840	36,840	36,840	-
<b>Senior Citizen Commission</b>				
Personnel costs	360,747	360,747	360,744	3
Services	130,304	132,804	130,588	2,216
Materials and supplies	21,428	18,928	17,585	1,343
Equipment	1,132	1,132	1,011	121
<b>Total Senior Citizen Commission</b>	<b>513,611</b>	<b>513,611</b>	<b>509,928</b>	<b>3,683</b>
<b>TOTAL SOCIAL SERVICES</b>	<b>909,220</b>	<b>909,220</b>	<b>896,447</b>	<b>12,773</b>

(Continued)

**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**

**General Fund Expenditures and Other Financing Uses - Budgetary Basis -**

**Budget and Actual (Continued)**

**For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance With Final Budget</b>	
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>	<b>Final Budget</b>
<b>LIBRARY</b>					
Personnel costs	\$ 901,893	\$ 898,893	\$ 889,509	\$ 9,384	
Services	85,274	88,274	86,475	1,799	
Materials and supplies	8,000	8,000	7,995	5	
Equipment	45,000	45,000	44,998	2	
<b>TOTAL LIBRARY</b>	<b>1,040,167</b>	<b>1,040,167</b>	<b>1,028,977</b>	<b>11,190</b>	
<b>RECREATION AND PARKS</b>					
Personnel costs	932,129	932,577	932,417	160	
Services	313,352	310,352	309,993	359	
Materials and supplies	54,842	72,342	71,451	891	
Equipment	-	-	-	-	
<b>TOTAL RECREATION AND PARKS</b>	<b>1,300,323</b>	<b>1,315,271</b>	<b>1,313,861</b>	<b>1,410</b>	
<b>COMMUNITY USE OF SCHOOLS</b>	<b>314,088</b>	<b>314,088</b>	<b>314,088</b>	<b>-</b>	
<b>DEBT SERVICE</b>					
Principal	2,670,000	2,670,000	2,670,000	-	
Interest	2,362,324	2,362,325	2,362,323	2	
<b>TOTAL DEBT SERVICE</b>	<b>5,032,324</b>	<b>5,032,325</b>	<b>5,032,323</b>	<b>2</b>	
<b>BOARD OF EDUCATION</b>	<b>44,522,768</b>	<b>44,522,768</b>	<b>44,276,742</b>	<b>246,026</b>	
<b>TOTAL EXPENDITURES</b>	<b>79,018,654</b>	<b>79,018,654</b>	<b>78,200,006</b>	<b>818,648</b>	
<b>OTHER FINANCING USES</b>					
Transfers out	2,714,323	2,714,323	2,714,323	-	
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 81,732,977</b>	<b>\$ 81,732,977</b>	<b>80,914,329</b>	<b>\$ 818,648</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	5,312,000
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	56,692
Excess cost - student based grant	802,756
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund	40,250

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

**\$ 87,126,027**

**Town of Waterford, Connecticut**  
**Required Supplementary Information – Unaudited**

**Schedules of Employer Contribution and Funding Progress**  
**Pension and OPEB Funds**

***Schedule of Funding Progress - Pension***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/13	\$ 754,207	\$ 1,371,637	\$ (617,430)	55.0%	\$ -	0.0%
7/1/11	846,370	1,429,565	(583,195)	59.2%	-	0.0%
7/1/09	958,439	1,533,919	(575,480)	62.5%	-	0.0%
7/1/07	1,149,217	1,610,681	(461,464)	71.3%	-	0.0%
7/1/05	1,360,097	1,689,009	(328,912)	80.5%	-	0.0%
7/1/03	1,694,470	1,832,456	(137,986)	92.5%	-	0.0%

***Schedule of Employer Contributions - Pensions***

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
06/30/2014	\$ 78,744	100%
06/30/2013	78,744	100%
06/30/2012	82,885	100%
06/30/2011	82,885	100%
06/30/2010	63,081	100%
06/30/2009	63,081	100%
06/30/2008	44,961	100%
06/30/2007	44,961	100%
06/30/2006	17,839	100%
06/30/2005	17,839	100%

***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
07/01/2012	\$ -	\$ 28,551,800	\$ 28,551,800	0.00%	\$ 31,032,400	92.0%
07/01/2010	-	31,511,700	31,511,700	0.00%	28,227,100	111.6%
07/01/2008	-	40,636,400	40,636,400	0.00%	26,292,000	154.6%
07/01/2006	-	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
06/30/2014	\$ 2,747,000	22.1%
06/30/2013	2,718,100	46.6%
06/30/2012	2,690,600	52.4%
06/30/2011	3,644,900	43.2%
06/30/2010	3,694,400	36.7%

**Town of Waterford, Connecticut**

**Required Supplementary Information - Unaudited**

**Schedule of Changes in the Town's Net Position Liability and Related Ratios**

**Last Fiscal Year**

**June 30, 2014**

**2014**

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**Changes in Net Pension Liability**

**Total Pension Liability**

Interest on total pension liability	\$ 93,351
Benefit payments	(171,078)
<b>Net change in total pension liability</b>	<b>(77,727)</b>
Total Pension Liability, beginning	<u>1,371,637</u>
<b>Total pension liability, ending (a)</b>	<b><u>1,293,910</u></b>

**Fiduciary Net Position**

Employer contributions	\$ 78,744
Investment income net of investment expenses	85,746
Benefit payments	(171,078)
Administrative expenses	(6,522)
<b>Net change in plan fiduciary net position</b>	<b>(13,110)</b>
Fiduciary Net Position, beginning	<u>728,155</u>
<b>Fiduciary net position, ending (b)</b>	<b><u>715,045</u></b>
<b>Net pension liability, ending = (a) - (b)</b>	<b><u>\$ 578,865</u></b>
Fiduciary net position as a % of total pension liability	55.26%

**NOTE: As 2014 is the implementation year, only 2014 information is available.**

## **Town of Waterford, Connecticut**

### **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 Selectmen 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.

**Town of Waterford, Connecticut**

**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, 2014**

	<b>2014</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 9,893,283
Investments	3,738,982
Receivables, net	2,649,332
Due from other funds	6,186,052
Prepaid items	<u>28,708</u>
 Total assets	 <u>\$ 22,496,357</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 1,108,655
Accrued liabilities	2,797,155
Due to other funds	2,930,520
Unearned revenues	-
 Total liabilities	 <u>6,836,330</u>
 Deferred Inflows of Resources	
Unearned revenues	<u>2,714,073</u>
 Total deferred inflows of resources	 <u>2,714,073</u>
 Fund Balance	
Nonspendable	28,708
Committed	10,436,689
Assigned	496,774
Unassigned	<u>1,983,783</u>
 Total fund balance	 <u>12,945,954</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 22,496,357</u>

**Town of Waterford, Connecticut**

**Board of Education**

**Schedule of Expenditures and Encumbrances**  
**Compared with Appropriations**  
**For the Year Ended June 30, 2014**

	Final Appropriation	Expenditures and Encumbrances	Unexpended Balance
Salaries - certified	\$ 21,222,022	\$ 20,938,329	\$ 283,693
Salaries - support	4,969,509	4,863,386	106,123
Temporary pay - certified	1,009,428	1,043,804	(34,376)
Temporary pay - support	103,429	129,380	(25,951)
Overtime - support	66,200	105,555	(39,355)
Health and dental insurance	6,413,465	6,412,972	493
Life and major medical insurance	83,036	86,863	(3,827)
Long term disability	1,163	1,224	(61)
Social security contribution	813,563	766,977	46,586
Reimbursements	73,400	66,264	7,136
Unemployment compensation	45,000	28,772	16,228
Workers' compensation	280,867	269,842	11,025
Sick pay	229,976	255,739	(25,763)
Retirement Incentive	18,000	18,000	-
Instructional services	129,699	130,446	(747)
Staff and curriculum development	50,000	60,252	(10,252)
Other professional and technical services	1,044,203	1,212,273	(168,070)
Legal services	90,601	118,625	(28,024)
Public utilities	69,801	60,596	9,205
Maintenance and repairs	239,206	212,498	26,708
Rentals	1,675	1,250	425
Pupil transportation	2,205,932	2,032,174	173,758
Insurance - property	114,263	115,814	(1,551)
Insurance - liability	103,428	101,949	1,479
Other insurance	22,579	24,273	(1,694)
Communications	57,369	59,282	(1,913)
Postage	38,000	27,986	10,014
Advertising	2,000	5,545	(3,545)
Tuition	2,003,057	1,948,111	54,946
Travel and conference	124,435	131,785	(7,350)
Other purchased services	52,260	39,070	13,190
Instructional supplies	346,721	333,455	13,266
Software	207,448	210,682	(3,234)
Maintenance and custodial	210,371	270,354	(59,983)
Heat and energy	1,227,170	1,274,076	(46,906)
Transportation supplies	236,340	276,964	(40,624)
Textbooks	192,400	189,112	3,288
Library and professional books	39,900	38,523	1,377
Other supplies	155,470	152,110	3,360
Equipment	135,926	169,890	(33,964)
Membership dues and fees	40,455	40,039	416
Building Committee	500	-	500
Capital projects	52,501	52,501	-
<b>Total</b>	<b>\$ 44,522,768</b>	<b>\$ 44,276,742</b>	<b>\$ 246,026</b>

**Town of Waterford, Connecticut**

**Report of Tax Collector**  
**For the Year Ended June 30, 2014**

Grand List	Uncollected Taxes July 1, 2013			Lawful Corrections			Transfers to Suspense		Net Amount Collectible	Collections				Uncollected Taxes June 30, 2014		
				Additions		Deductions				Taxes	Interest	Lien Fees	Total			
		Current Levy														
2012	\$ -	\$ 76,344,469	\$ -	\$ 191,714	\$ 2,827	\$ 76,149,928	\$ 75,510,859	\$ 107,569	\$ 1,006	\$ 75,619,434	\$ 639,069					
2011	736,145	-	-	8,307	4,429	723,409	364,827	71,329	3,384	439,540	358,582					
2010	357,498	-	-	1,350	5,034	351,114	106,860	45,778	1,128	153,766	244,254					
2009	203,656	-	-	81	6,770	196,805	56,212	32,492	744	89,448	140,593					
2008	106,580	-	-	-	493	106,087	24,532	16,736	360	41,628	81,555					
2007	64,835	-	40	-	567	64,308	15,091	16,234	192	31,517	49,217					
2006	33,310	-	-	-	429	32,881	9,351	11,859	72	21,282	23,530					
2005	19,999	-	-	-	514	19,485	7,320	9,647	48	17,015	12,165					
2004	11,301	-	-	-	-	11,301	-	2,336	24	2,360	11,301					
2003	6,660	-	-	-	-	6,660	301	10	24	335	6,359					
2002	6,063	-	-	-	-	6,063	-	50	-	50	6,063					
2001	3,322	-	-	-	-	3,322	-	655	-	655	3,322					
2000	2,101	-	-	-	-	2,101	-	75	-	75	2,101					
1999	532	-	-	-	-	532	-	84	-	84	532					
1998	443	-	-	-	-	443	-	23	-	23	443					
	<u>\$ 1,552,445</u>	<u>\$ 76,344,469</u>	<u>\$ 40</u>	<u>\$ 201,452</u>	<u>\$ 21,063</u>	<u>\$ 77,674,439</u>	<u>76,095,353</u>	<u>314,877</u>	<u>6,982</u>	<u>76,417,212</u>	<u>\$ 1,579,086</u>					
	Suspense collections												4,049	82	-	4,131
	Total collections												<u>\$ 76,099,402</u>	<u>\$ 314,959</u>	<u>\$ 6,982</u>	<u>76,421,343</u>
	Property taxes receivable - considered available:															
	June 30, 2013															(179,178)
	June 30, 2014															113,436
	Total															<u>\$ 76,355,601</u>

Town of Waterford, Connecticut

Schedule of Water Main Assessments Receivable  
For the Year Ended June 30, 2014

Contract Number	Principal July 1, 2013	Interest and Liens				Lawful Corrections								Collections						Principal Balance Uncollected Taxes June 30, 2014	Interest and Lien Fees Uncollected June 30, 2014	Balance Uncollected June 30, 2014	
		Uncollected July 1, 2013	New Contracts	Interest and Liens Billed	Principal Additions	Principal Deductions	Interest and Liens		Interest and Liens		Assessments	Interest and Lien Fees	Transferred to Town Clerk		Total								
							Uncollected	Contracts	Interest and Liens	Interest and Liens			Assessments	Lien Fees									
69	\$ 1,144	\$ 1,681	\$ -	\$ 158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428	\$ 382	\$ 20	\$ 790	\$ 716	\$ 1,457	\$ 2,173						
75	1,016	494	-	118	-	-	-	-	-	-	396	78	-	474	620	534	1,154						
	\$ 2,160	\$ 2,175	\$ -	\$ 276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824	\$ 460	\$ 20	1,264	\$ 1,336	\$ 1,991	\$ 3,327						
Water assessment receivable considered available:																							
June 30, 2013																							
June 30, 2014																							
Total																							

Town of Waterford, Connecticut

Schedule of Sewer Assessments Receivable  
For the Year Ended June 30, 2014

Contract Number	Principal July 1, 2013	Interest and Lien Fees		Lawful Corrections						Collections				Principal Balance Uncollected Taxes June 30, 2014	Interest and Lien Fees Uncollected June 30, 2014	Balance Uncollected June 30, 2014	
		Uncollected July 1, 2013	New Contracts	Additions	Deductions	Interest and Lien Additions	Interest and Lien Deletions	Assessments	Lien Fees	Transferred to Town Clerk	Total						
45	\$ 1,821	\$ 737	\$ -	\$ -	\$ -	\$ 82	\$ 27	\$ 1,821	\$ 792	\$ -	\$ 2,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51/52A	2,666	7,320	-	-	-	218	19	2,255	6,296	-	8,551	411	1,223	1,634			
60	2,154	699	-	-	-	388	-	-	-	-	-	2,154	1,087	3,241			
69	1,097	-	-	-	-	144	-	610	139	-	749	487	5	492			
74	666	625	-	-	-	120	-	-	-	-	-	666	745	1,411			
75	4,190	3,001	-	-	-	409	-	2,303	1,666	80	3,889	1,887	1,744	3,631			
	<b>\$ 12,594</b>	<b>\$ 12,382</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,361</b>	<b>\$ 46</b>	<b>\$ 6,989</b>	<b>\$ 8,893</b>	<b>\$ 80</b>	<b>15,802</b>	<b>\$ 5,605</b>	<b>\$ 4,804</b>	<b>\$ 10,409</b>			

Sewer assessment receivable considered available:

June 30, 2013	(8,611)
June 30, 2014	75
Total	<b>\$ 7,266</b>

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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
Comprehensive DUI Enforcement Program Grant	State grant	Regional Check Points to Enforce Drinking Under the Influence Laws
Police Seatbelt Check Grant	State grant	Click It or Ticket Seat Belt Enforcement
Nuclear Safety Emergency Preparedness	State grant	Nuclear Safety Preparedness Program
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
YSB Drug-Free Communities Support Grant	Federal grant funds from the Substance Abuse and Mental health Services Administration (SAMSHA) Agency of the Department of Health and Human Services	Drug-free Community Co-operative mentoring program
New London County Cold Case Unit Grant	State Stipend	Police Officers participating in County effort to solve Cold Cases
JAG PVET Police Video Equipment Technology Grant	Edward Byrne Memorial Justice Assistance Grant	Purchase Video Equipment for Interrogation rooms in order to comply with PA11-174
Senior Services Waterford Education Foundation Grant	Grant from Waterford Education Foundation/ Participate fees	Technology Camp for Seniors
Region IV (RESF-5) Grant	Funding from RESF-5 Region IV Emergency Planning Steering Committee	Upgrade to Radio Equipment at the Waterford Emergency Operations Center
Small Cities Grant	State Community Development Block Grant (CDBG) funds and loans payments	Waterford Housing Rehabilitation Program
Millstone Mentoring Grant	Millstone Grant	To fund the Youth Services Mentoring Program

## Nonmajor Governmental Funds

### Special Revenue Funds, Continued

Fund	Funding Source	Function
DEMAHS 2012 Port Security Grant	Department of Homeland Security and Emergency Management Grant	Purchase of Equipment related to Port Security and two year service contract.
DEMAHS 2011 Port Security Grant	Federal grant funds from the Department of Emergency Management & Homeland Security passed through the State of Connecticut Department of Emergency Services & Public Protection	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
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

### 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
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
Oswegatchie Elementary School Project Fund	Capital and Nonrecurring Fund and State Grants	School renovation

### 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, 2014**

	Special Revenue				
	Special Education Grants	School Cafeteria	Drug Enforcement Grant	Youth Services	Water
<b>Assets</b>					
Cash and cash equivalents	\$ 306,523	\$ 185,822	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables, net of allowances for uncollectibles:					
Accounts receivable		194	-	-	-
Intergovernmental	5,439	80,199	-	-	-
Due from other funds	-	597	30,514	88,343	450,804
Prepaid Expenses	-	-	-	400	-
Inventories	-	8,274	-	-	-
<b>Total assets</b>	<b>\$ 311,962</b>	<b>\$ 275,086</b>	<b>\$ 30,514</b>	<b>\$ 88,743</b>	<b>\$ 450,804</b>
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 21,048	\$ 7,695	\$ 32	\$ 1,023	\$ 334
Accrued liabilities	36,158	6,661	-	10,868	10,102
Due to other funds	60,877	-	-	-	-
Unearned revenue	188,466	-	-	17,172	2,451
<b>Total liabilities</b>	<b>306,549</b>	<b>14,356</b>	<b>32</b>	<b>29,063</b>	<b>12,887</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	-	8,274	-	400	-
Restricted	5,413	252,456	30,482	59,280	-
Committed	-	-	-	-	437,917
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>5,413</b>	<b>260,730</b>	<b>30,482</b>	<b>59,680</b>	<b>437,917</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 311,962</b>	<b>\$ 275,086</b>	<b>\$ 30,514</b>	<b>\$ 88,743</b>	<b>\$ 450,804</b>

**Special Revenue**

Contributed Gifts	Senior Citizens	CTIC Grant	Youth Services	Comprehensive DUI Enforcement	Police Seatbelt Check Grant	Nuclear Safety Emergency Preparedness
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,250	-	15,000	-	-	-	4,893
30,143	58,940	-	618	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>\$ 31,393</b>	<b>\$ 58,940</b>	<b>\$ 15,000</b>	<b>\$ 618</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,893</b>
\$ 1,117	\$ 22,497	\$ -	\$ 296	\$ -	\$ -	\$ 4,893
-	-	-	-	-	-	-
-	-	15,000	-	-	-	-
-	12,814	-	-	-	-	-
<b>1,117</b>	<b>35,311</b>	<b>15,000</b>	<b>296</b>	<b>-</b>	<b>-</b>	<b>4,893</b>
-	-	-	-	-	-	4,893
-	-	-	-	-	-	4,893
30,276	23,629	-	322	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(4,893)
<b>30,276</b>	<b>23,629</b>	<b>-</b>	<b>322</b>	<b>-</b>	<b>-</b>	<b>(4,893)</b>
<b>\$ 31,393</b>	<b>\$ 58,940</b>	<b>\$ 15,000</b>	<b>\$ 618</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,893</b>

(Continued)

**Town of Waterford, Connecticut**

**Combining Balance Sheet**

**Nonmajor Governmental Funds (Continued)**

**June 30, 2014**

	Special Revenue				
	Historic Properties	Jordan Mill Pond Fishery Grant	Harbor Management Grant	Youth Services Enhancement Grant	Drug-Free Communities Support Grant
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables, net of allowances for uncollectibles:					
Accounts receivable	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	1,449	10,753	35,114	231	-
Prepaid Expenses	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,449</b>	<b>\$ 10,753</b>	<b>\$ 35,114</b>	<b>\$ 231</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 231	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231</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	1,449	10,753	35,114	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>1,449</b>	<b>10,753</b>	<b>35,114</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1,449</b>	<b>\$ 10,753</b>	<b>\$ 35,114</b>	<b>\$ 231</b>	<b>\$ -</b>

Special Revenue										
NL County Cold Case Unit Grant Fund	JAG PVET Police Video Equipment Technology Grant	Senior Services Waterford Education Foundation Grant	Region IV RESF-5 Grant	Small Cities Grant	Millstone Mentoring Grant	DEMAHS 2012 Port Security Grant				
\$ -	\$ -	\$ -	\$ -	\$ 79,683	\$ -	\$ -				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	1,464	-	-				
2,333	-	640	-	-	1,000	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
\$ 2,333	\$ -	\$ 640	\$ -	\$ 81,147	\$ 1,000	\$ -				
<hr/>										
\$ 73	\$ -	\$ 313	\$ -	\$ 36,856	\$ -	\$ -				
-	-	-	-	-	-	-				
-	-	-	-	44,291	-	-				
-	-	-	-	-	-	-				
73	-	313	-	81,147	-	-				
<hr/>										
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
2,260	-	327	-	-	1,000	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
2,260	-	327	-	-	1,000	-				
\$ 2,333	\$ -	\$ 640	\$ -	\$ 81,147	\$ 1,000	\$ -				
<hr/>										

(Continued)

**Town of Waterford, Connecticut**

**Combining Balance Sheet**

**Nonmajor Governmental Funds (Continued)**

**June 30, 2014**

	Special Revenue Funds				
	DEMAHS 2011 Port Security Grant	C-Pace Grant	Small Cities Grant II	CTHP 2013 Vibrant Communities Grant	
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 50	\$ -	-
Investments	-	-	-	-	-
Receivables, net of allowances for uncollectibles:					
Accounts receivable	-	-	-	-	-
Intergovernmental	49,005	-	-	-	39,901
Due from other funds	-	2,322	-	-	-
Prepaid Expenses	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ 49,005</b>	<b>\$ 2,322</b>	<b>\$ 50</b>	<b>\$ -</b>	<b>39,901</b>
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,327	\$ -	\$ -	\$ -	5,752
Accrued liabilities	-	-	-	-	-
Due to other funds	47,678	-	50	-	34,149
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>49,005</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>39,901</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	49,005	-	-	-	39,901
<b>Total deferred inflows of resources</b>	<b>49,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,901</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	2,322	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(49,005)	-	-	-	(39,901)
<b>Total fund balances (deficits)</b>	<b>(49,005)</b>	<b>2,322</b>	<b>-</b>	<b>-</b>	<b>(39,901)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 49,005</b>	<b>\$ 2,322</b>	<b>\$ 50</b>	<b>\$ -</b>	<b>39,901</b>

**Capital Projects**

Fleet Management	Sewer Maintenance & Development	Animal Control Facility	Capital Improvement	Early Childhood Learning Center	Great Neck Elementary School Project	Quaker Hill Elementary School Bldg Project
\$ 3,244,877	\$ 783,006	\$ -	\$ 150,634	\$ -	\$ 241	\$ 430
-	-	-	-	-	-	-
11,318	8,222	-	-	-	-	-
-	-	-	-	-	-	-
-	181,951	159,271	11,110	549,784	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>\$ 3,256,195</b>	<b>\$ 973,179</b>	<b>\$ 159,271</b>	<b>\$ 161,744</b>	<b>\$ 549,784</b>	<b>\$ 241</b>	<b>\$ 430</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 5,667	\$ 24	\$ 12,500	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
356,978	-	-	-	-	345,101	250,478
-	-	-	-	-	-	-
<b>356,978</b>	<b>5,667</b>	<b>24</b>	<b>12,500</b>	<b>-</b>	<b>345,101</b>	<b>250,478</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	<u>8,222</u>	-	-	-	-	-
-	<u>8,222</u>	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-	-
-	959,290	159,247	-	-	-	-
2,899,217	-	-	-	549,784	-	-
-	-	-	149,244	-	-	-
-	-	-	-	-	(344,860)	(250,048)
<b>2,899,217</b>	<b>959,290</b>	<b>159,247</b>	<b>149,244</b>	<b>549,784</b>	<b>(344,860)</b>	<b>(250,048)</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>\$ 3,256,195</b>	<b>\$ 973,179</b>	<b>\$ 159,271</b>	<b>\$ 161,744</b>	<b>\$ 549,784</b>	<b>\$ 241</b>	<b>\$ 430</b>

(Continued)

**Town of Waterford, Connecticut**

**Combining Balance Sheet**

**Nonmajor Governmental Funds (Continued)**  
**June 30, 2014**

	Capital Projects	Permanent Fund		Total Nonmajor Governmental Funds
	Oswegatchie Elementary School Project Fund	Hammond Memorial Trust		
<b>Assets</b>				
Cash and cash equivalents	\$ 667	\$ 11,340	\$ 4,763,273	
Investments	-	139,493	139,493	
Receivables, net of allowances for uncollectibles:				
Accounts receivable	-	-	19,734	
Intergovernmental	-	-	197,151	
Due from other funds	-	-	1,615,917	
Prepaid Expenses	-	-	400	
Inventories	-	-	8,274	
<b>Total assets</b>	<b>\$ 667</b>	<b>\$ 150,833</b>	<b>\$ 6,744,242</b>	
<b>Liabilities and Fund Balances (Deficits)</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	121,382	
Accrued liabilities	-	-	64,085	
Due to other funds	358,442	10,000	1,523,044	
Unearned revenue	-	-	220,903	
<b>Total liabilities</b>	<b>358,442</b>	<b>10,000</b>	<b>1,929,414</b>	
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	102,021	
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>102,021</b>	
<b>Fund Balances (Deficits)</b>				
Nonspendable	-	140,833	149,507	
Restricted	-	-	1,573,620	
Committed	-	-	3,886,918	
Assigned	-	-	149,244	
Unassigned	(357,775)	-	(1,046,482)	
<b>Total fund balances (deficits)</b>	<b>(357,775)</b>	<b>140,833</b>	<b>4,712,807</b>	
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 667</b>	<b>\$ 150,833</b>	<b>\$ 6,744,242</b>	

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**Town of Waterford, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**

**Nonmajor Governmental Funds**

**For the Year Ended June 30, 2014**

	Special Revenue				
	Special Education Grants	School Cafeteria	Drug Enforcement Grant	Youth Services	Water
<b>Revenues</b>					
Intergovernmental	\$ 1,058,985	\$ 519,527	\$ 5,960	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Charges for goods and services	-	607,192	-	101,223	57,531
Income on investments	-	14	-	-	-
Miscellaneous	-	-	-	20,984	-
<b>Total revenues</b>	<b>1,058,985</b>	<b>1,126,733</b>	<b>5,960</b>	<b>122,207</b>	<b>57,531</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	1,154	-	-
Public works	-	-	-	-	243,707
Recreation	-	-	-	-	-
Social services	-	-	-	111,107	-
Education	1,058,977	1,146,496	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>1,058,977</b>	<b>1,146,496</b>	<b>1,154</b>	<b>111,107</b>	<b>243,707</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>8</b>	<b>(19,763)</b>	<b>4,806</b>	<b>11,100</b>	<b>(186,176)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<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>8</b>	<b>(19,763)</b>	<b>4,806</b>	<b>11,100</b>	<b>(186,176)</b>
<b>Fund Balance (Deficit), beginning of year</b>	<b>5,405</b>	<b>280,493</b>	<b>25,676</b>	<b>48,580</b>	<b>624,093</b>
<b>Fund Balance (Deficit), end of year</b>	<b>\$ 5,413</b>	<b>\$ 260,730</b>	<b>\$ 30,482</b>	<b>\$ 59,680</b>	<b>\$ 437,917</b>

Special Revenue

Contributed Gifts	Senior Citizens	CTIC Grant	Youth Services DMHAS Grant	Comprehensive DUI Enforcement Program Grant	Police Seatbelt Check Grant	Nuclear Safety Emergency Preparedness
\$ -	\$ -	\$ 60,000	\$ 3,300	\$ 15,122	\$ 3,389	\$ 18,545
-	-	-	-	-	-	-
-	54,337	-	-	-	-	-
-	-	-	-	-	-	-
17,166	10,079	-	-	-	-	-
<b>17,166</b>	<b>64,416</b>	<b>60,000</b>	<b>3,300</b>	<b>15,122</b>	<b>3,389</b>	<b>18,545</b>
849	-	-	-	-	-	-
3,674	-	60,000	-	13,161	3,044	23,438
-	-	-	-	-	-	-
62	-	-	-	-	-	-
-	86,468	-	3,230	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>4,585</b>	<b>86,468</b>	<b>60,000</b>	<b>3,230</b>	<b>13,161</b>	<b>3,044</b>	<b>23,438</b>
12,581	(22,052)	-	70	1,961	345	(4,893)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,581	(22,052)	-	70	1,961	345	(4,893)
17,695	45,681	-	252	(1,961)	(345)	-
<b>\$ 30,276</b>	<b>\$ 23,629</b>	<b>\$ -</b>	<b>\$ 322</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,893)</b>

(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, 2014**

	Special Revenue					YSB
	Historic Properties	Jordan Mill Pond	Harbor Management	Youth Services Enhancement	Drug Free Communities Support	
		Fishery Grant	Grant	Grant	Grant	
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 6,171	\$ 24,234	
Licenses, permits and fees	-	-	6,875	-	-	
Charges for goods and services	-	-	-	-	-	
Income on investments	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>6,875</b>	<b>6,171</b>	<b>24,234</b>	
<b>Expenditures</b>						
Current:						
General government	-	-	3,863	-	-	
Public safety	-	-	-	-	-	
Public works	-	-	-	-	-	
Recreation	-	-	-	-	-	
Social services	-	-	-	6,171	24,234	
Education	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>3,863</b>	<b>6,171</b>	<b>24,234</b>	
<b>Excess (deficiency) of revenues over expenditures</b>			<b>3,012</b>			
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	
Transfers out	-	-	-	-	-	
Bond proceeds	-	-	-	-	-	
<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>3,012</b>			
<b>Fund Balance (Deficit), beginning of year</b>	<b>1,449</b>	<b>10,753</b>	<b>32,102</b>			
<b>Fund Balance (Deficit), end of year</b>	<b>\$ 1,449</b>	<b>\$ 10,753</b>	<b>\$ 35,114</b>	<b>\$ -</b>	<b>\$ -</b>	

Special Revenue										
NL County Cold Case Unit Grant Fund	JAG PVET Police Video Equipment Technology Grant	Senior Services			DEMADS					
		Waterford Education Foundation Grant	Region IV RESF-5 Grant	Small Cities Grant	Millstone Mentoring Grant	2012 Port Security Grant				
\$ -	\$ 30,144	\$ -	\$ 1,970	\$ 130,527	\$ -	\$ 123,848				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	640	-	-	-	1,000				
-	30,144	640	1,970	130,527	1,000	123,848				
<hr/>										
1,040	30,144	-	930	-	-	123,848				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	313	-	192,218	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
1,040	30,144	313	930	192,218	-	123,848				
<hr/>										
(1,040)	-	327	1,040	(61,691)	1,000	-				
<hr/>										
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
<hr/>										
(1,040)	-	327	1,040	(61,691)	1,000	-				
<hr/>										
3,300	-	-	(1,040)	61,691	-	-				
<hr/>										
\$ 2,260	\$ -	\$ 327	\$ -	\$ -	\$ 1,000	\$ -				

(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, 2014**

	DEMAHS 2011 Port Security Grant	C-Pace Grant	Small Cities Grant II	CTHP 2013 Vibrant Communities Grant
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 2,700	\$ 10,000	\$ 5,000
Licenses, permits and fees	-	-	-	-
Charges for goods and services	-	-	-	-
Income on investments	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>2,700</b>	<b>10,000</b>	<b>5,000</b>
<b>Expenditures</b>				
Current:				
General government	-	378	-	44,901
Public safety	49,005	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Social services	-	-	10,000	-
Education	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>49,005</b>	<b>378</b>	<b>10,000</b>	<b>44,901</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(49,005)</b>	<b>2,322</b>	<b>-</b>	<b>(39,901)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(49,005)</b>	<b>2,322</b>	<b>-</b>	<b>(39,901)</b>
<b>Fund Balance (Deficit), beginning of year</b>				
<b>Fund Balance (Deficit), end of year</b>	<b>\$ (49,005)</b>	<b>\$ 2,322</b>	<b>\$ -</b>	<b>\$ (39,901)</b>

## Capital Projects

Fleet Management	Sewer Maintenance & Development	Animal Control Facility	Capital Improvement	Early Childhood Learning Center	Great Neck Elementary School Project	Quaker Hill Elementary School Project
\$ 70,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	137,303	-	-	-	-	-
55,818	-	-	-	-	-	-
3,326	531	-	-	-	-	-
48,729	-	39,044	-	-	19,412	25,147
<b>177,945</b>	<b>137,834</b>	<b>39,044</b>	<b>-</b>	<b>-</b>	<b>19,412</b>	<b>25,147</b>
<hr/>						
-	-	-	-	-	-	-
-	-	2,223	-	-	-	-
-	27,616	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,339,488	-	-	117,396	-	25,251	41,004
<b>1,339,488</b>	<b>27,616</b>	<b>2,223</b>	<b>117,396</b>	<b>-</b>	<b>25,251</b>	<b>41,004</b>
<hr/>						
(1,161,543)	110,218	36,821	(117,396)	-	(5,839)	(15,857)
<hr/>						
1,095,000	-	-	1,180,000	-	-	-
-	-	-	(1,095,000)	(4,739)	-	-
-	-	-	-	-	658,030	851,545
<b>1,095,000</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>(4,739)</b>	<b>658,030</b>	<b>851,545</b>
<hr/>						
(66,543)	110,218	36,821	(32,396)	(4,739)	652,191	835,688
<hr/>						
<b>2,965,760</b>	<b>849,072</b>	<b>122,426</b>	<b>181,640</b>	<b>554,523</b>	<b>(997,051)</b>	<b>(1,085,736)</b>
<hr/>						
\$ 2,899,217	\$ 959,290	\$ 159,247	\$ 149,244	\$ 549,784	\$ (344,860)	\$ (250,048)

(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, 2014**

	Capital Projects	Permanent Fund		Total Nonmajor Governmental Funds
	Oswegatchie Elementary School Project Fund	Hammond Memorial Trust		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	2,089,494
Licenses, permits and fees	-	-	-	144,178
Charges for goods and services	-	-	-	876,101
Income on investments	-	21,673	-	25,544
Miscellaneous	21,246	5,000	-	208,447
<b>Total revenues</b>	<b>21,246</b>	<b>26,673</b>	<b>-</b>	<b>3,343,764</b>
<b>Expenditures</b>				
Current:				
General government	-	5,000	-	54,991
Public safety	-	-	-	311,661
Public works	-	-	-	271,323
Recreation	-	-	-	62
Social services	-	-	-	433,741
Education	-	-	-	2,205,473
Capital outlay	45,108	-	-	1,568,247
<b>Total expenditures</b>	<b>45,108</b>	<b>5,000</b>	<b>-</b>	<b>4,845,498</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(23,862)</b>	<b>21,673</b>	<b>-</b>	<b>(1,501,734)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	2,275,000
Transfers out	-	-	-	(1,099,739)
Bond proceeds	720,425	-	-	2,230,000
<b>Total other financing sources (uses)</b>	<b>720,425</b>	<b>-</b>	<b>-</b>	<b>3,405,261</b>
<b>Net change in fund balances (deficits)</b>	<b>696,563</b>	<b>21,673</b>	<b>-</b>	<b>1,903,527</b>
<b>Fund Balance (Deficit), beginning of year</b>	<b>(1,054,338)</b>	<b>119,160</b>	<b>-</b>	<b>2,809,280</b>
<b>Fund Balance (Deficit), end of year</b>	<b>\$ (357,775)</b>	<b>\$ 140,833</b>	<b>\$ 4,712,807</b>	

## **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, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 153,043	\$ 332,369	\$ 337,592	\$ 147,820
Investments	23,906	-	-	23,906
<b>Total assets</b>	<b>176,949</b>	<b>332,369</b>	<b>337,592</b>	<b>171,726</b>
Liabilities:				
Due to student groups and other	176,949	332,369	337,592	171,726
<b>Total liabilities</b>	<b>176,949</b>	<b>332,369</b>	<b>337,592</b>	<b>171,726</b>
<b>Student Scholarship Fund</b>				
Assets:				
Cash and cash equivalents	32,501	60,397	39,695	53,203
Investments	289,593	1,093	694	289,992
<b>Total assets</b>	<b>322,094</b>	<b>61,490</b>	<b>40,389</b>	<b>343,195</b>
Liabilities:				
Due to student groups and other	322,094	61,490	40,389	343,195
<b>Total liabilities</b>	<b>322,094</b>	<b>61,490</b>	<b>40,389</b>	<b>343,195</b>
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	331,688	95,159	84,345	342,502
<b>Total assets</b>	<b>331,688</b>	<b>95,159</b>	<b>84,345</b>	<b>342,502</b>
Liabilities:				
Due to contractors	331,688	95,159	84,345	342,502
<b>Total liabilities</b>	<b>331,688</b>	<b>95,159</b>	<b>84,345</b>	<b>342,502</b>
<b>Total Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 517,232	\$ 487,925	\$ 461,632	\$ 543,525
Investments	313,499	1,093	694	313,898
<b>Total assets</b>	<b>\$ 830,731</b>	<b>\$ 489,018</b>	<b>\$ 462,326</b>	<b>\$ 857,423</b>
Liabilities:				
Due to student groups and others	\$ 499,043	\$ 393,859	\$ 377,981	\$ 514,921
Due to contractors	331,688	95,159	84,345	342,502
<b>Total liabilities</b>	<b>\$ 830,731</b>	<b>\$ 489,018</b>	<b>\$ 462,326</b>	<b>\$ 857,423</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, 2014**

	2014
Capital Assets	
Land	\$ 7,766,397
Land improvements	2,397,495
Buildings and improvements	237,640,814
Machinery, furniture and equipment	15,213,573
Vehicles	12,476,150
Infrastructure	100,679,400
Software	531,516
Permanent easements	5,000
Construction work in progress	<u>\$ 1,365,702</u>
 Total capital assets	 <u>\$ 378,076,047</u>
Investment in Capital Assets by Source	
General fund	\$ 136,117,913
Special revenue	49,055,567
Capital projects	190,541,446
Donated	<u>2,361,121</u>
 Total capital assets by source	 <u>\$ 378,076,047</u>

**Town of Waterford, Connecticut**

**Capital Assets Used in the Operations of Governmental Funds -**

**Schedule by Function and Activity - Gross**

**June 30, 2014**

	Machinery,										Total
	Land	Land Improvements	Buildings and Improvements	Furniture and Equipment	Vehicles	Infrastructure	Software	Permanent Leases	Construction In Progress		
<b>General government</b>	\$ 3,288,939	\$ 306,967	\$ 5,535,108	\$ 906,291	\$ 226,215	\$ -	\$ 67,129	\$ -	\$ -	\$ 10,330,649	
Public safety	50,000	132,820	6,698,017	6,077,651	6,902,951	-	345,862	-	-	20,207,301	
Public works	691,023	242,277	4,842,084	1,346,911	4,528,944	100,370,317	54,238	5,000	1,365,702	113,446,496	
Recreation	2,063,320	664,893	4,261,138	638,047	280,487	309,083	11,397	-	-	8,228,365	
Library	30,000	102,861	2,304,387	222,263	-	-	-	-	-	2,659,511	
Social Services	246,606	49,717	3,668,076	61,017	157,923	-	-	-	-	4,183,339	
Education	1,396,509	897,960	210,332,004	5,961,393	379,630	-	52,890	-	-	219,020,386	
<b>Total</b>	<b>\$ 7,766,397</b>	<b>\$ 2,397,495</b>	<b>\$ 237,640,814</b>	<b>\$ 15,213,573</b>	<b>\$ 12,476,150</b>	<b>\$ 100,679,400</b>	<b>\$ 531,516</b>	<b>\$ 5,000</b>	<b>\$ 1,365,702</b>	<b>\$ 378,076,047</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, 2014**

	<b>Balance July 1, 2013</b>	<b>Additions and Transfers</b>	<b>Retirements and Transfers</b>	<b>Balance June 30, 2014</b>
General government	\$ 10,485,613	\$ 402,800	\$ 557,764	\$ 10,330,649
Public safety	19,845,499	703,236	341,434	20,207,301
Public works	112,773,282	1,868,235	1,195,021	113,446,496
Recreation	8,126,730	122,297	20,662	8,228,365
Library	2,659,511	-	-	2,659,511
Social services	4,168,264	59,035	43,960	4,183,339
Education	231,624,851	84,930,014	97,534,479	219,020,386
<b>Total</b>	<b>\$ 389,683,750</b>	<b>\$ 88,085,617</b>	<b>\$ 99,693,320</b>	<b>\$ 378,076,047</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)**

	<b>Fiscal Year</b>									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net Investment in capital assets	\$ 173,491	\$ 178,578	\$ 176,727	\$ 172,218	\$ 172,656	\$ 169,618	\$ 154,512	\$ 142,566	\$ 134,441	\$ 129,138
Restricted	178	169	139	532	98	84	115	129	107	99
Unrestricted	5,299	3,661	5,367	9,293	20,181	25,163	36,771	45,883	46,217	44,250
<b>Total governmental activities net position</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>	<b>\$ 173,487</b>
Business-type activities:										
Net Investment in capital assets	\$ 55,840	\$ 57,974	\$ 56,785	\$ 57,533	\$ 60,900	\$ 61,727	\$ 62,975	\$ 61,905	\$ 63,682	\$ 64,778
Restricted	-	-	346	-	-	-	-	-	-	-
Unrestricted	2,194	1,379	794	1,260	481	241	445	163	796	1,083
<b>Total business-type activities net position</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>	<b>\$ 65,861</b>
Primary government:										
Net Investment in capital assets	\$ 229,331	\$ 236,552	\$ 233,511	\$ 229,751	\$ 233,556	\$ 231,345	\$ 217,487	\$ 204,471	\$ 198,123	\$ 193,916
Restricted	178	169	485	532	98	84	115	129	107	99
Unrestricted	7,493	5,040	6,161	10,553	20,662	25,404	37,216	46,046	47,013	45,333
<b>Total primary government net position</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>	<b>\$ 239,348</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)**

	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 12,699	\$ 12,041	\$ 12,304	\$ 11,283	\$ 9,927	\$ 9,738	\$ 8,283	\$ 8,654	\$ 9,790	\$ 9,371
Public safety	10,167	10,337	10,155	10,131	11,333	9,213	8,198	8,387	8,247	7,073
Public works	7,292	9,094	8,681	10,284	8,309	7,281	8,885	7,315	6,660	6,708
Recreation	1,741	1,706	1,646	1,992	2,125	1,914	1,927	1,721	1,725	1,588
Library	1,470	1,032	1,052	1,126	1,125	1,031	1,100	1,008	1,077	1,049
Social Services	3,282	1,297	1,243	1,312	1,477	1,222	1,259	1,118	1,097	1,086
Education	56,593	57,492	53,735	56,266	51,222	50,394	58,489	46,763	43,254	38,737
Interest and fiscal charges	2,809	2,521	886	1,124	1,373	2,038	1,014	-	-	-
<b>Total governmental activities expenses</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>	<b>65,612</b>
Business-type activities:										
Utility Commission	5,666	4,531	6,004	7,109	4,693	5,002	4,387	4,090	3,896	3,872
<b>Total business-type activities expense</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>3,872</b>
<b>Total Primary Government Net Expense</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>69,484</b>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	1,181	1,533	1,191	1,120	929	871	1,052	1,149	1,198	1,085
Public safety	258	162	119	117	119	75	194	74	105	10
Public works	967	786	847	862	640	1,154	977	931	1,265	971
Recreation	184	173	166	150	162	137	149	151	140	120
Library	19	18	18	20	21	22	21	22	19	16
Social services	187	130	109	112	116	104	139	126	110	162
Education	728	701	767	799	793	795	816	834	871	871
	3,524	3,503	3,217	3,180	2,780	3,158	3,348	3,287	3,708	3,235
Operating grants and contributions	9,940	8,859	8,878	8,504	8,197	7,691	18,845	6,096	5,751	3,686
Capital grants and contributions	1,584	6,596	5,706	2,372	8,401	4,935	8,684	5,328	8,287	13,443
<b>Total governmental activities program revenues</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>	<b>20,364</b>
Business-type activities:										
Charges for services	3,914	3,621	3,752	3,781	3,447	3,363	2,890	1,875	2,220	2,063
Operating grants and contributions	8	-	-	-	-	-	-	-	-	-
Capital grants and contributions	423	2,685	1,383	740	658	172	280	338	254	150
<b>Total business-type activities program revenue</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>2,213</b>
<b>Total primary government program revenues</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>	<b>22,577</b>

**Notes:**

(1) Schedule prepared on the accrual basis of accounting.

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense) revenue:										
Governmental activities	\$ (81,005)	\$ (76,562)	\$ (71,901)	\$ (79,462)	\$ (67,514)	\$ (67,047)	\$ (58,278)	\$ (60,255)	\$ (54,104)	\$ (45,248)
Business-type activities	(1,321)	1,775	(869)	(2,588)	(588)	(1,467)	(1,217)	(1,877)	(1,422)	(1,659)
<b>Total primary government net expense</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>	<b>(46,907)</b>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	76,529	73,583	69,204	65,994	61,645	61,048	48,029	55,430	51,015	46,737
Grants and contributions not restricted to specific programs	779	953	975	1,920	2,880	7,477	7,001	8,629	9,904	12,119
Unrestricted investment earnings	137	168	222	222	498	1,366	2,741	3,419	2,606	1,361
Miscellaneous	120	1,687	1,689	434	561	372	136	53	665	332
Transfers	-	346	-	-	-	-	(2,568)	537	-	2,035
<b>Total governmental activities</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>	<b>62,584</b>
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	1	4	36	67
Miscellaneous	-	-	-	-	-	-	-	-	2	2
Transfers	-	(346)	-	-	-	-	2,568	(537)	-	(2,035)
<b>Total business-type activities</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>(1,966)</b>
<b>Total primary government</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>	<b>60,618</b>
Changes in net position:										
Governmental activities	(3,440)	175	189	(10,892)	(1,930)	3,216	(2,939)	7,813	10,086	17,336
Business-type activities	(1,321)	1,429	(869)	(2,588)	(588)	(1,467)	1,352	(2,410)	(1,384)	(3,625)
<b>Total primary government</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>	<b>\$ 13,711</b>

**Town of Waterford, Connecticut**

**Fund Balances - Governmental Funds**

**Last Ten Fiscal Years - Unaudited**

**(In Thousands)**

	Fiscal Year										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
<b>General Fund:</b>											
Nonspendable	\$ 29	\$ 43	\$ 31	\$ 400	\$ 51	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted	-	-	-	-	-	-	-	-	-	-	
Committed	10,437	8,991	9,455	9,664	-	-	-	-	-	-	
Assigned	497	569	533	714	774	-	-	-	-	-	
Unassigned	1,984	2,236	891	420	10,466	-	-	-	-	-	
Reserved	-	-	-	-	-	999	631	555	694	917	
Unreserved	-	-	-	-	-	11,079	19,368	10,865	12,231	14,629	
<b>Total general fund</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>\$ 15,546</b>	
<b>All Other Governmental Funds:</b>											
Nonspendable	\$ 150	\$ 126	\$ 108	\$ 132	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted	1,574	1,497	1,433	1,425	21,383	-	-	-	-	-	
Committed	12,746	13,269	13,634	18,590	3,095	-	-	-	-	-	
Assigned	149	183	248	456	872	-	-	-	-	-	
Unassigned	(5,844)	(18,255)	(41,121)	(31,233)	(37,324)	-	-	-	-	-	
Reserved	-	-	-	-	-	115	126	144	118	109	
Unreserved, reported in:											
Special revenue funds	-	-	-	-	-	33,688	21,884	30,959	29,584	27,745	
Capital projects funds	-	-	-	-	-	(35,247)	(17,289)	(20,645)	(12,848)	(1,350)	
<b>Total all other governmental funds</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>	<b>\$ 26,504</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
Property taxes	\$ 76,356	\$ 73,304	\$ 68,990	\$ 65,896	\$ 61,480	\$ 60,692	\$ 63,631	\$ 50,644	\$ 46,539	\$ 43,038
System benefit charge	-	-	-	1,088	2,058	6,545	6,103	7,711	9,022	11,074
Intergovernmental	13,140	16,929	13,903	11,951	15,258	15,015	24,740	15,442	9,843	19,009
Assessments and connections	145	50	7	66	54	35	73	97	237	161
Licenses and permits	1,028	1,387	1,043	880	884	814	1,112	1,173	1,259	1,133
Fines, penalties and charges for services	1,524	1,389	1,511	1,686	1,685	1,748	2,025	2,176	2,198	2,182
Income on investments	135	166	220	220	493	1,348	2,694	3,264	2,440	1,244
Miscellaneous	1,393	2,023	1,730	1,246	1,262	1,062	508	295	355	370
<b>Total revenues</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>78,211</b>
<b>Expenditures:</b>										
Current:										
General government	11,837	11,409	11,394	9,734	8,652	8,464	7,983	8,345	8,310	7,339
Public safety	9,269	9,055	8,636	8,424	8,688	8,150	7,665	7,533	7,238	6,959
Public works	4,863	5,503	4,804	5,137	5,364	4,891	4,637	4,511	4,346	4,498
Recreation	1,645	1,533	1,481	1,844	1,723	1,707	1,700	1,578	1,579	1,464
Library	1,465	1,032	1,024	993	1,012	990	983	961	960	923
Social services	3,104	1,165	1,119	1,127	1,304	1,138	1,113	1,068	1,063	956
Education	50,512	51,428	50,163	48,210	46,987	45,012	55,568	41,807	40,530	37,213
Debt service										
Principal	2,670	2,015	1,265	1,250	800	800	415	-	-	-
Interest	2,601	2,481	781	1,252	1,424	1,692	-	-	-	-
Capital outlay	9,025	21,885	37,732	17,838	27,012	28,500	31,368	22,900	20,138	30,439
<b>Total expenditures</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>89,791</b>
<b>Excess (deficiency) of revenues over expenditures</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>(11,580)</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	3,776	4,079	7,399	3,263	14,240	17,549	13,732	7,061	6,007	8,663
Transfers out	(3,776)	(3,733)	(7,399)	(3,263)	(14,240)	(17,549)	(16,300)	(7,061)	(6,007)	(6,663)
<b>Total other financing sources (uses)</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>2,000</b>
<b>Net change in fund balance</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>\$ (9,580)</b>
Debt Service as a Percentage to Noncapital Expenditures	5.92%	4.97%	2.45%	3.01%	2.92%	3.35%	0.52%	0.00%	0.00%	0.00%

**Town of Waterford, Connecticut**

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

<b>Fiscal Year</b>	<b>Real Property</b>			<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (Mill Rate)</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>							
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%
2005	1,164,941	922,119	34,632	521,296	126,511	213,423	2,556,076	17.90	3,651,537	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)**

	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Grand List
Millstone Nuclear Power Plant (including all Owners in the Complex)	\$ 1,092,561	1	29.43%	\$ 938,706	1	35.01%
Crystal Mall Associates L.P.	66,164	2	1.78%	77,293	2	2.88%
Connecticut Light & Power Co.	51,119	3	1.38%	29,038	3	1.08%
Centro GA CMBS T12 LLC	26,183	4	0.71%	18,502	5	0.69%
Chase Crossroads & Waterford Plaza One LLC	24,781	5	0.67%	19,941	4	0.74%
Wal Mart Stores, Inc.	18,373	6	0.49%	18,030	6	0.67%
Health Care REIT & OSL, LLC (Formerly One Lantern Sr. Living, LLC)	13,323	7	0.36%	9,561	8	0.36%
Sonalyst Inc.	11,896	8	0.32%	11,433	7	0.43%
Dayton Hudson d/b/a Target	10,467	9	0.28%	9,493	9	0.35%
Home Depot USA Inc.	9,655	10	0.26%	8,578	10	0.32%
	<b>\$ 1,324,522</b>		<b>35.68%</b>	<b>\$ 1,140,575</b>		<b>42.53%</b>

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		Amount	Percentage of Levy
2014	24.08	\$ 76,344	\$ (194)	\$ 76,150	\$ 75,511	98.91%	\$ -	\$ 75,511	99.16%	
2013	19.77	73,354	(117)	73,237	72,501	98.84%	-	72,501	99.00%	
2012	18.79	69,485	(227)	69,258	68,573	98.69%	313	68,886	99.46%	
2011	18.04	66,093	(86)	66,007	65,359	99.02%	101	65,460	99.17%	
2010	16.86	61,554	(154)	61,400	60,816	99.05%	158	60,974	99.31%	
2009	16.86	61,070	(296)	60,774	60,141	98.96%	295	60,436	99.44%	
2008	21.07	N/A	N/A	56,049	55,630	99.25%	336	55,966	99.85%	
2007	19.89	N/A	N/A	52,037	50,053	96.19%	1,940	51,993	99.92%	
2006	18.84	N/A	N/A	48,149	46,030	95.60%	1,950	47,980	99.65%	
2005	17.90	N/A	N/A	44,548	42,618	95.67%	1,929	44,547	100.00%	

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

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

**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
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	
2005	-		41	-	41	0.09%	0.0016%	2.20	

**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, 2014 - Unaudited**

**(In Thousands)**

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Total tax collections (including interest and lien fees) received  
by Treasurer for current fiscal year \$ 76,356

Reimbursement for revenue loss from:  
Property tax relief 2

**BASE** \$ 76,358

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewer</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
<b>Debt Limitation</b>					
2-1/4 times base	\$ 171,806	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	343,611	-	-	-
3-3/4 times base	-	-	286,343	-	-
3-1/4 times base	-	-	-	248,164	-
3 times base	-	-	-	-	229,074
<b>Total debt limitation</b>	<b>171,806</b>	<b>343,611</b>	<b>286,343</b>	<b>248,164</b>	<b>229,074</b>
<b>Indebtedness:</b>					
Notes payable	-	-	-	-	-
Bonds payable	-	95,289	-	-	-
Authorized but unissued	-	41,918	-	-	-
<b>Total indebtedness</b>	<b>-</b>	<b>137,207</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt Limitation in Excess of Outstanding and Authorized Debt</b>	<b>\$ 171,806</b>	<b>\$ 206,404</b>	<b>\$ 286,343</b>	<b>\$ 248,164</b>	<b>\$ 229,074</b>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$534,504).

\* Excludes \$20,114 in authorized but unissued debt not yet borrowed against as allowed under the Connecticut General Statutes.

**Town of Waterford, Connecticut**

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 534,504	\$ 513,141	\$ 482,944	\$ 461,286	\$ 430,390	\$ 424,886	\$ 446,502	\$ 353,276	\$ 326,200	\$ 301,493
Total net debt applicable to limit	137,207	139,957	144,615	147,294	85,413	66,792	48,363	133,154	105,264	52,257
Legal debt margin	\$ 397,297	\$ 373,184	\$ 338,329	\$ 313,992	\$ 344,977	\$ 358,094	\$ 398,139	\$ 220,122	\$ 220,936	\$ 249,236
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	25.67%	27.27%	29.94%	31.93%	19.85%	15.72%	10.83%	37.69%	32.27%	17.33%

(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 Table 9 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>
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%
2005	18,940	\$ -	\$ 47,701	44	3,170	4.3%

<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**

	<b>Nature of Business</b>	<b>2014</b>			<b>2005</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment*</b>
Dominion Nuclear CT, Inc.	Electric Generation	1,650	1	16.55%	*	*	*
Town of Waterford	Municipal Government	685	2	6.87%	*	*	*
Waterford Hotel Group	Hospitality	531	3	5.33%	*	*	*
Wal-Mart Super Center	Retail	497	4	4.99%	*	*	*
Sonalyst	Multi-Media Production	275	5	2.76%	*	*	*
Sears	Retail	260	6	2.61%	*	*	*
Bayview Health Center	Healthcare Facility	225	7	2.26%	*	*	*
Home Depot	Retail	185	8	1.86%	*	*	*
Lowe's Home Improvement	Retail	180	9	1.81%	*	*	*
Target Stores	Retail	180	10	1.81%	*	*	*
<b>Total</b>		<b>4,668</b>		<b>47%</b>	<b>N/A</b>		<b>N/A</b>

Source: Community Development Department and Bond Official Statement Telephone Survey

\* For 2005 total Town employment is unknown. Town had not bonded since 1981, hence no Official Statement to gather historical information. Town began disclosing this information in its FY2006 CAFR. The nine-year comparison will begin in FY2015.

**Town of Waterford, Connecticut**

**Full-Time Equivalent Government Employees by Function/Program**

**Last Ten Fiscal Years - Unaudited**

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
General Government	92	93	93	95	94	94	95	98	101	99
Police	54	56	56	56	56	56	55	55	55	55
Fire	15	15	15	15	15	15	15	15	15	16 **
Refuse Collection	5	5	5	5	5	5	5	5	5	5
Other Public Works	28	28	28	32	32	32	33	33	33	33
Recreation and Parks	13	13	13	14	14	15	15	15	15	15
Library	23	23	23	24	24	24	24	24	28	31
Education	455	440	440	466	473	449	474	504	474	494
<b>Total</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>	<b>748</b>

Source: Town and Board of Education Human Resources Departments.

Notes: \*\* In 2005, Dispatch Employees were transferred from Fire Services to Emergency Management.

**Town of Waterford, Connecticut**

**Operating Indicators by Function/Program**

**Last Ten Fiscal Years - Unaudited**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General Government:</b>										
Building Permits Issued	19	22	17	13	13	23	58	56	61	52
Building Inspections Conducted	408	460	223	179	179	309	760	696	791	612
<b>Police:</b>										
Physical Arrests	2,104	1,718	1,283	1,861	1,690	1,172	1,174	645	725	828
Parking Violations	57	58	54	120	233	267	196	338	140	146
Traffic Violations	4,937	5,046	4,431	4,371	6,423	6,473	4,743	2,174	3,524	3,537
<b>Fire:</b>										
Emergency Responses	3,624	3,823	3,297	3,520	3,892	3,484	3,793	3,493	3,272	3,053
Fires Extinguished	68	61	53	62	69	57	65	92	86	79
Inspections	539	558	648	593	653	789	790	757	257	558
<b>Refuse Collection:</b>										
Refuse Collected (Tons Per Day)	42	45	44	44	66	60	60	66	61	61
Recyclables Collected (Tons Per Day)	*	9	9	7	6	7	7	7	6	6
<b>Other Public Works:</b>										
Street Resurfacing (Miles)	3	5	8	4	3	6	7	6	4	2
Potholes Repaired	747	422	400	425	395	380	390	400	417	480
<b>Recreation and Parks:</b>										
Athletic Field Permits Issued	2,855	2,009	2,087	1,994	1,958	2,167	2,010	1,913	1,918	2,022
Community Center Admissions (1)	61,630	61,742	62,439	53,085	51,102	50,420	50,770	54,002	58,100	123
Number of Program Registrations	5,381	6,596	6,742	5,171	4,946	3,510	3,362	3,987	3,712	2,660
Program Fees	190,485	205,803	159,623	139,427	90,511	74,526	72,281	77,971	74,700	52,452
<b>Senior Services:</b>										
Number of Program Participants	44,856	45,173	46,302	48,536	51,537	53,624	57,409	56,254	54,355	47,971
Program Revenue	29,911	33,573	31,653	27,341	27,125	24,758	22,776	18,760	15,541	8,753
<b>Library:</b>										
Volumes in Collection	83,076	82,460	86,105	85,430	84,067	84,590	84,104	83,850	80,591	89,615
Total Volumes Borrowed	242,724	236,607	231,572	234,774	240,012	235,206	224,564	222,110	208,227	202,405
<b>Water:</b>										
New Connections	8	17	16	27	32	37	58	39	38	40
Water Main Breaks	-	4	8	10	1	2	5	3	3	4
Average Daily Consumption (MGD)	2.65	2.65	2.64	2.65	2.63	2.62	2.91	2.01	1.74	1.74
Peak Daily Consumption (MGD)	4.55	4.55	4.54	4.55	4.53	4.53	4.73	3.20	2.81	2.81

Source: Directors of each Department

Note1: Community Center Opened May 26, 2005

\* Information not available

**Town of Waterford, Connecticut**

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	120.53	120.53	120.24	120.03	120.03
Storm Drain (Miles)	60.77	60.77	60.77	60.77	60.77	60.56	60.56	60.30	60.30	60.10
Recreation and Parks:										
Acreage	549.65	549.65	549.65	549.65	549.65	549.65	549.65	545.64	545.64	533.16
Playgrounds	5	5	5	4	4	4	7	12	12	12
Baseball/Softball Diamonds	14	14	14	14	14	13	16	19	19	19
Soccer/Football Fields	10	10	10	10	8	8	7	7	7	7
Community Centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water Main (Miles)*	110.11	109.00	109.00	109.00	109.00	109.00	108.99	108.99	106.99	106.99
Fire Hydrants	1,133	1,128	1,128	1,128	1,128	1,128	1,124	1,129	1,102	1,102
Storage Capacity (000's of Gallons)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	4,550	4,550
Wastewater:										
Sanitary Sewers (Miles)*	148.01	146.10	146.10	146.10	146.10	146.10	145.75	145.75	143.90	143.90
Pump Stations	28	27	27	27	27	27	27	27	26	26

Source: Various Municipal Department Directors

\* Does not include service connections.

Note: Community Center was opened in May 2005.